



22<sup>nd</sup> July, 2020

The Manager - Listing  
BSE Limited  
BSE Code - 501455

The Manager - Listing  
National Stock Exchange of India Limited  
NSE Code - GREAVESCOT

Dear Sir/Madam,

**Sub: Notice of 101<sup>st</sup> Annual General Meeting, Annual Report for the FY 2019-20, Book Closure and details of Remote e-voting**

This is to inform you that pursuant to Regulation 30 and Regulation 34 read with Schedule III, Part A, Para A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please find enclosed the Annual Report of Greaves Cotton Limited ("Company") for the FY 2019-20 along with the Notice of 101<sup>st</sup> Annual General Meeting ("AGM") scheduled to be held on **Thursday, 13<sup>th</sup> August, 2020 at 4:00 p.m. IST** through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") facility.

In compliance with the applicable provisions of the Companies Act, 2013, rules framed thereunder and the Listing Regulations read with MCA General Circular No. 14/2020 dated 8<sup>th</sup> April, 2020, the General Circular No. 17/2020 dated 13<sup>th</sup> April, 2020, the General Circular No. 20/2020 dated 5<sup>th</sup> May, 2020 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020, the Notice of AGM and the Annual Report of the Company for FY 2019-20 has been sent through electronic mode to all the members of the Company at their registered email addresses.

In terms of Section 91 of Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will be closed from Friday, 7<sup>th</sup> August, 2020 to Thursday, 13<sup>th</sup> August, 2020 (both days inclusive) for the purpose of the said AGM.

Further, pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management & Administration) Rules, 2014 (as amended), and Regulation 44 of the Listing Regulations, the Company is providing the facility to its Members (holding shares either in physical or dematerialized form) to exercise their right to vote by electronic means on any or all of the businesses specified in the Notice convening the 101<sup>st</sup> AGM of the Company ("Remote e-voting").

The Company is also offering the facility to the Members to cast their vote electronically during the AGM. Accordingly, the Company has fixed Thursday, 6<sup>th</sup> August, 2020 as the cut-off date to determine the eligibility of the members to cast their vote by electronic means and e-voting during the AGM scheduled to be held on Thursday, 13<sup>th</sup> August, 2020 through VC / OAVM Facility.

The voting rights of Members shall be in the proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of Thursday, 6<sup>th</sup> August, 2020.

**GREAVES COTTON LIMITED**

[www.greavescotton.com](http://www.greavescotton.com)

Registered Office: Unit No. 701, 7th Floor, Tower 3, Equinox Business Park, LBS Marg, Kurla West, Mumbai 400 070, India

Tel: +91 22 62211700 Fax: +91 22 33812799 CIN: L99999MH1922PLC000987



The calendar of events are as under:

Sr. No.	Particulars	Event Dates
1	Cut-off Date for identifying the eligibility of Members holding shares in physical or demat form, for Remote e-voting/voting at the AGM	Thursday, 6 <sup>th</sup> August, 2020
2	Remote e-voting period will commence on	Monday, 10 <sup>th</sup> August, 2020 at 9.00 am
3	Remote e-voting period will end on	Wednesday, 12 <sup>th</sup> August, 2020 at 5.00 pm
4	Annual General Meeting	Thursday, 13 <sup>th</sup> August, 2020 at 4.00 pm
5	Announcement of Results of Remote e-voting together with voting done at AGM	Not later than Saturday, 15 <sup>th</sup> August, 2020

Please take the same on record.

Thanking you,

**For Greaves Cotton Limited**

**Atindra Basu**  
**Head - Legal, Internal Audit**  
**& Company Secretary**

Encl.: a/a

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## Notice

Notice is hereby given that the 101<sup>st</sup> Annual General Meeting of the Members of Greaves Cotton Limited will be held on Thursday, 13<sup>th</sup> August 2020 at 04:00 P.M. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following businesses:-

### ORDINARY BUSINESS:

#### 1. Adoption of Financial Statements and Reports thereon

To receive, consider and adopt:

- a. the audited Standalone Financial Statements of the Company for the financial year ended 31<sup>st</sup> March 2020, together with the Reports of the Board of Directors and Auditors thereon, and
- b. the audited Consolidated Financial Statements of the Company for the financial year ended 31<sup>st</sup> March 2020, together with the Report of Auditors thereon.

#### 2. Appointment of a Director in place of the one retiring by rotation

To appoint a Director in place of Mr. Karan Thapar (DIN: 00004264), who retires by rotation and, being eligible, offers himself for re-appointment.

#### 3. Re-appointment of Statutory Auditor

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the recommendation of the Audit Committee and Board of Directors, consent of the members be and is hereby accorded to re-appoint M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), as the Statutory Auditors of the Company for a second term of 5 (five) consecutive years, to hold office from the conclusion of the 101<sup>st</sup> Annual General Meeting until the conclusion of the 106<sup>th</sup> Annual General Meeting of the Company, on such remuneration as may be decided by the Board of Directors in consultation with the Statutory Auditors of the Company."

### SPECIAL BUSINESS:

#### 4. Appointment of Mr. Mohanan Manikram (DIN: 08555030) as Executive Director of the Company

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the applicable provisions of the Companies Act, 2013, ('the Act') and the Rules made

thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force) and the Articles of Association of the Company, Mr. Mohanan Manikram (DIN: 08555030), who was appointed as an Additional Director of the Company by the Board of Directors (the 'Board') with effect from 5<sup>th</sup> November 2019, and who holds office until the date of this Annual General Meeting in terms of Section 161 of the Act and who is eligible for appointment and who has given a notice in writing signifying his candidature for the appointment of Director, be and is hereby appointed as a Director of the Company;

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 196, 197, Schedule V and other applicable provisions, if any, of the Act and read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof, for the time being in force), the approval of members of the Company, be and is hereby accorded to the appointment of Mr. Mohanan Manikram (DIN: 08555030), as a Executive Director for a period of three (3) years with effect from 5<sup>th</sup> November 2019 or till the time Mr. Mohanan Manikram is in employment of the Company, whichever is earlier, on the terms and conditions as specified in the Explanatory Statement annexed to the Notice and on the remuneration which is as follows:

- a) Basic Salary: ₹ 3,83,284/- per month
- b) Ad Hoc allowance OR Other Allowance (including House Rent Allowance): ₹ 4,92,483/- per month
- c) Performance Incentive: up to a sum of ₹ 41,48,520/- per annum, the actual amount and mode of payment to be decided by the Nomination & Remuneration Committee/Board from time to time, payable for each financial year or part thereof.
- d) Retirals: Company's contribution towards Provident Fund, Superannuation Fund and Gratuity- payable as per rules of the Company.
- e) Perquisites & Benefits: In addition to the above, Mr. Mohanan shall be entitled to medical reimbursement and leave travel allowance.
- f) Long Term Incentive: He shall also be eligible to participate in the Long Term Incentive Plan of the Company in addition to his remuneration above as per the Company policy.
- g) Minimum Remuneration: Notwithstanding anything herein above, where in any financial year during the currency of his tenure as a Executive Director, the Company has no profits or its profits are inadequate, the Company will pay the aforesaid remuneration as Minimum Remuneration to him, subject to further approvals as required under Schedule V of the Act or any modification(s) thereto.

**RESOLVED FURTHER THAT** the Board, be and is hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Section 197 read with Schedule V of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force).

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee thereof) and Company Secretary of the Company, be and are hereby severally authorised to take all such steps as may be necessary, proper and expedient and to do any acts, deeds, matters and things to give effect to this resolution."

**5. Appointment of Mr. Subbu Venkata Rama Behara (DIN: 00289721) as an Independent Director**

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 150, 152, 161 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory amendment(s) or modification(s) thereto or enactment(s) or re-enactment(s) thereof for the time being in force) and on the basis of approval of the Board of Directors of the Company, Mr. Subbu Venkata Rama Behara (DIN: 00289721), who was appointed as an Additional Director designated as an Independent Director of the Company with effect from 28<sup>th</sup> May 2020 and who is eligible for appointment and who has given a notice in writing signifying his candidature for the appointment of Director, be and is hereby appointed as a Director of the Company.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory amendment(s) or modification(s) thereto or enactment(s) or re-enactment(s) thereof for the time being in force) and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or amendment(s) thereof for the time being in force), Mr. Subbu Venkata Rama Behara (DIN: 00289721), Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (Five) consecutive years with effect from 28<sup>th</sup> May 2020 to 27<sup>th</sup> May 2025.

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee thereof) and Company Secretary of the Company, be and is hereby severally authorised to take all such steps as may be necessary, proper and expedient and to do any acts, deeds, matters and things to give effect to this resolution."

**6. Re-appointment of Ms. Sree Patel (DIN: 03554790) as an Independent Director**

To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time, Ms. Sree Patel (DIN: 03554790), Independent Director, whose initial term of office ceased on 13<sup>th</sup> February 2020 and who has given her consent and has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and Listing Regulations, and who is eligible for re-appointment for a second term under the provisions of the Act and Rules made thereunder and who has given a notice in writing under Section 160 of the Act, signifying her candidature for the appointment of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold the office for a second term for a period of five consecutive years with effect from 14<sup>th</sup> February 2020 to 13<sup>th</sup> February 2025.

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee thereof) and Company Secretary of the Company, be and is hereby severally authorised to take all such steps as may be necessary, proper and expedient and to do any acts, deeds, matters and things to give effect to this resolution."

**7. Re-appointment of Mr. Vinay Sanghi (DIN: 00309085) as an Independent Director**

To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time, Mr. Vinay Sanghi (DIN: 00309085), Independent Director, whose present term of office expires on 3<sup>rd</sup> August 2020 and who has given his consent and has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Listing Regulations, and who is eligible for re-appointment for a second term under the provisions of the Act and Rules made thereunder and who has given a notice in writing under Section 160 of the Act, signifying his candidature for the appointment of Director, be and is hereby re-appointed as an Independent Director of the Company, for a second term of two consecutive years with effect from 4<sup>th</sup> August 2020 to 3<sup>rd</sup> August 2022.

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee thereof) and Company Secretary of the Company, be and is hereby severally authorised to take all

such steps as may be necessary, proper and expedient and to do any acts, deeds, matters and things to give effect to this resolution.”

**8. Ratification of the remuneration of Cost Auditors**

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Members hereby ratify the remuneration of ₹ 8.10 lakhs plus out of pocket expenses and taxes payable to M/s. Dhananjay V. Joshi & Associates, Cost Accountants (Firm Registration Number: 000030), for conduct of audit of the cost records maintained by the Company for the financial year 2020-21, as recommended by the Audit Committee and approved by the Board of Directors.

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee thereof) be and is hereby severally authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

By Order of the Board of Directors  
For Greaves Cotton Limited



**Atindra Basu**  
Head- Legal, Internal Audit  
& Company Secretary

Registered Office:  
Unit No. 701, 7<sup>th</sup> Floor, Tower 3,  
Equinox Business Park, LBS Marg,  
Kurla West, Mumbai- 400 070  
Mumbai  
5<sup>th</sup> June 2020

**Notes:**

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its General circular dated 05<sup>th</sup> May 2020 read with General circulars dated 08<sup>th</sup> April 2020 and 13<sup>th</sup> April 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM. The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM.
2. **A Statement pursuant to Section 102 (1) of the Act in respect of the Item No. 3 to 8 given in this Notice, is annexed hereto.**
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. The relevant details of the Directors, pursuant to Regulation 26 & 36 of the Listing Regulations and Secretarial Standard 2 on General Meetings, seeking appointment / re-appointment at this AGM is annexed.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 7<sup>th</sup> August 2020 to Thursday, 13<sup>th</sup> August 2020, both days inclusive.
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 Act 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.  
  
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 dividend account, is required to be transferred to the IEPF Account.  
  
Accordingly, unpaid or unclaimed dividend in respect of Special Interim Dividend and Final Dividend for the financial year 2011-12, the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> Interim Dividend for the financial year 2012-13 have been transferred to the IEPF. Members who have not 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 – KFin Technologies Private Limited (‘KFINtech’) at the earliest.  
  
During the Financial Year 2019-20, the Company has transferred 33,315 shares to the IEPF Account.
7. Pursuant to SEBI circular dated 20<sup>th</sup> April 2018, shareholders whose ledger folios having incomplete details with regard to

## Greaves Cotton Limited

PAN and Bank particulars are required to compulsorily furnish the same to the Registrar and Share Transfer Agents (RTA)/ to the Company for registration in the folio.

8. As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from 1<sup>st</sup> April 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's RTA for assistance in this regard.
9. Members are requested to send all communications relating to shares and unclaimed dividends, change of address, bank details, email address etc. to the RTA at the following address:

KFin Technologies Private Limited  
(Formerly known as Karvy Fintech Private Limited)  
Karvy Selenium Tower B, Plot No.31-32,  
Gachibowli, Financial District, Nanakramguda,  
Hyderabad, Telangana 500 032.

If the shares are held in electronic form, then change of address and change in the Bank Accounts etc., should be furnished to their respective Depository Participants.

10. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar and Share Transfer Agent – KFINtech for consolidation into a single folio.
11. In case of joint holders, the Member whose name appears as first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
12. As per the provisions of the Act, nomination facility is available to the Members in respect of the shares held by them. Members holding shares in single name and physical form may send duly completed and signed nomination form to the Registrar and Share Transfer Agent – KFINtech (nomination form can be downloaded from the Company's website [www.greavescotton.com](http://www.greavescotton.com)). Members holding shares in dematerialised form may contact their respective Depository Participants.
13. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12<sup>th</sup> May 2020, the Annual Report 2019-20, the Notice of the 101<sup>st</sup> AGM and the Instructions for e-voting are being sent by electronic mode to all the Members whose e-mail addresses are registered with the Company / respective

Depository Participants. Members may also note that the Annual Report 2019-20 and the Notice convening the AGM are also available on the Company's i.e. [www.greavescotton.com](http://www.greavescotton.com), Websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and on the website of National Securities Depository Limited (NSDL) (agency for providing the remote e-voting facility) <https://www.evoting.nsdl.com>

14. The Shareholders can join the AGM in the VC / OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned hereinbelow in the Notice. The facility of participation at the AGM through VC / OAVM will be made available for Shareholders on 'first come first serve' basis. This will not include large Shareholders (i.e. Shareholders holding 2% or more), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairperson(s) of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship and Share Transfer Committee, Auditors, etc. who are allowed to attend the AGM without restriction on account of 'first come first serve' basis.
15. The attendance of the Shareholders attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
16. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
17. The Shareholders seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 12<sup>th</sup> August 2020, through Email on [investorservices@greavescotton.com](mailto:investorservices@greavescotton.com). The same will be replied by/on behalf of the Company suitably.
18. **Voting through electronic means**

In terms of the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2015 (as amended from time to time) and Regulation 44 of the Listing Regulations and the MCA Circulars, the Company is pleased to provide the facility of "e-voting" to its Shareholders, to enable them to cast their votes on the resolutions proposed to be passed at the AGM, by electronic means. The instructions for e-voting are given hereinbelow. The Company has engaged the services of NSDL, who will provide the e-voting facility of casting votes to a Shareholder using remote e-voting system (e-voting from a place other than venue of the AGM) ("remote e-voting") as well as e-voting during the proceeding of the AGM ("e-voting at the AGM").

The remote e-voting period commences on Monday, 10<sup>th</sup> August 2020 (9:00 A.M. IST) and ends on Wednesday, 12<sup>th</sup> August 2020 (5:00 P.M. IST). During this period, Members

holding shares either in physical form or in dematerialized form, as on Thursday, 6<sup>th</sup> August 2020 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through E-voting system during the AGM.

The Board of Directors has appointed Mr. Sunny Gogiya, Practising Company Secretary having Membership No. 56804 and Certificate of Practice No. 21563, as a Scrutinizer to scrutinize the voting process in a fair and transparent manner.

**How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

**Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2: Cast your vote electronically on NSDL e-Voting system.**

**Details on Step 1 is mentioned below:**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
4. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

Your User ID details are given below:

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - c) How to retrieve your ‘initial password’?
    - i) If your email ID is registered in your demat account or with the Company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digits client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
    - ii) If your email ID is not registered, please follow steps mentioned below i.e. process for those Shareholders whose Email IDs are not registered.
6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
  - a) Click on “**Forgot User Details/Password?**”(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](https://www.evoting.nsdl.com).
  - b) “**Physical User Reset Password?**” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](https://www.evoting.nsdl.com).

## Greaves Cotton Limited

- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
  8. Now, you will have to click on “Login” button.
  9. After you click on the “Login” button, Home page of e-Voting will open.

### Details on Step 2 is given below:

#### How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### General Guidelines for shareholders

1. Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [cssunnygogiya@gmail.com](mailto:cssunnygogiya@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) and [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be

disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request to Ms. Soni Singh, Assistant Manager, NSDL at the designated email ID: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [SoniS@nsdl.co.in](mailto:SoniS@nsdl.co.in) or at Telephone no. +91 22 24994559. [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

#### The Instructions for Members for e-voting on the day of the AGM are as under:

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
3. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of the AGM shall be the same person mentioned for remote e-voting.

#### Process for those Shareholders, whose Email IDs are not registered with the Company/ Depository Participants for procuring User ID and Password and registration of Email IDs for e-voting for the resolutions set out in this Notice:

- a. In case shares are held in physical mode, Members may obtain the login ID and password by sending scanned copy of : i) a signed request letter mentioning your name, folio number, mobile number and complete address (including email); ii) the share certificate (front and back) and iii) self-attested PAN Card and any one document (such as Driving License, Bank Statement, Election Card, Passport, etc.) in support of the address of the Member as registered with the Company; to the email address of the Company’s Registrar and Share transfer Agent, KFin Technologies Private Limited at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) with a copy to the Company at [investorservices@greavescotton.com](mailto:investorservices@greavescotton.com).
- b. In case shares are held in dematerialised mode, Members may obtain the login ID and password by sending scanned copy of: i) a signed request letter mentioning your name, DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID); ii) client master or copy of Consolidated Account statement and iii) the PAN Card, to the email address of NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) with a copy to Company at [investorservices@greavescotton.com](mailto:investorservices@greavescotton.com).



## Instructions for Members for attending the AGM through VC / OAVM are as under:

1. Member will be provided with a facility to attend the AGM through VC / OAVM through the NSDL e-voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC / OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members can participate in the AGM through their desktops / smartphones / laptops etc. However, for better experience and smooth participation, it is advisable to join the meeting through desktops / laptops with high-speed internet connectivity.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at [investorservices@greavescotton.com](mailto:investorservices@greavescotton.com) from Friday, 7<sup>th</sup> August 2020 (9:00 A.M. IST) to Saturday, 8<sup>th</sup> August, 2020 (5:00 P.M. IST). Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

## Other Instructions:

1. Those persons, who have acquired shares and have become Shareholders of the Company after the dispatch of Notice of the AGM by the Company and whose names appear in the Register of Shareholders or Register of beneficial holders as on the cut-off date i.e. Thursday, 6<sup>th</sup> August 2020 shall view the Notice of the AGM on the Company's website or on the website of NSDL.

Such persons may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting then he/she can cast his/her vote by using existing User ID and password and by following the procedure as mentioned above or by voting at the AGM.

2. Voting rights of the Shareholders shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date i.e. Thursday, 6<sup>th</sup> August 2020. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
3. Every Client ID No./Folio No. will have one vote, irrespective of number of joint holders.
4. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 (forty eight) hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
5. The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.greavescotton.com](http://www.greavescotton.com) and on the website of NSDL at <https://www.evoting.nsdl.com> immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

## Statement pursuant to the provisions of Section 102 (1) of the Companies Act, 2013 ("the Act")

As required under Section 102(1) of the Companies Act, 2013, the following statement sets out all the material facts relating to the special business mentioned in the accompanying Notice. Explanation to ordinary business set out under Item No. 3 is provided as required under Regulation 36(5) Listing Regulations.

### Item No. 3

The Members of the Company at the 96<sup>th</sup> Annual General Meeting ('AGM') held on 6<sup>th</sup> August 2015 approved the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) ('DHS'), as the Auditors of the Company for a period of five years from the conclusion of the said AGM. DHS will complete their present term on conclusion of this AGM in terms of the said approval and Section 139 of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014.

The Board of Directors of the Company ('the Board'), on the recommendation of the Audit Committee ('the Committee'), recommended for the approval of the Members, the re-appointment

## Greaves Cotton Limited

of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, as the Statutory Auditors of the Company for a period of five years from the conclusion of this AGM till the conclusion of the 106<sup>th</sup> AGM.

The Committee considered various parameters like capability to serve a diverse and complex business landscape as that of the Company, audit experience in the Company's operating segments, market standing of the firm, clientele served, technical knowledge etc., and found DHS to be best suited to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company.

DHS have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act.

Based on the recommendation of the Audit Committee, it is proposed to pay remuneration of ₹ 67,05,200/- to the Statutory Auditors plus applicable taxes and reimbursement of out of pocket expenses, on actuals, incurred by them in connection with the audit of the accounts of the Company for the financial year 2020-21 and for such years thereafter until revised. Further, the Board of Directors, on recommendation of the Audit Committee may alter and vary the terms and conditions of the re-appointment etc. including by reason of necessity on account of conditions as may be stipulated by any statutory authority, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.

None of the Directors, Key Managerial Personnel or their relatives, are in any way, concerned or interested in this Resolution.

The Directors recommend the Ordinary Resolution as set out in Item No. 3 of this Notice for the approval of the Members.

### Item No. 4

#### **Appointment of Mr. Mohanan Manikram as Executive Director of the Company**

At the Board Meeting of the Company held on 5<sup>th</sup> November 2019, the Board had, based on the recommendations of the Nomination and Remuneration Committee and subject to the approval of the Members, appointed Mr. Mohanan Manikram as an Additional Director and designated him as Executive Director i.e. Whole-time Director of the Company for a period of 3 (three) years commencing from 5<sup>th</sup> November 2019 or till the time Mr. Mohanan Manikram is in employment of the Company, whichever is earlier, liable to retire by rotation, in accordance with the provisions of Sections 196 and 197 read with Schedule V of the Act.

The Company has received a notice in writing from Mr. Mohanan under the provisions of Section 160 of the Act signifying his candidature for the office of Director.

The Company has received from Mr. Mohanan (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies

(Appointment and Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub section (2) of Section 164 of the Act, and (iii) Notice of interest in Form MBP-1 in terms of Section 184 (1) and other applicable provisions of the Act. He has also confirmed that he is not debarred from holding the office of director by virtue of any order by SEBI or any other authority.

Mr. Mohanan Manikram is a professional with over 3 decades of experience in the Auto, Farm Machineries and Engines & Genset Industries. He holds considerable experience in the area of Manufacturing Technology & Strategy, Quality Management, Product Management, Business Development and Supply Chain management. Mr. Mohanan is BE in Industrial Engineering from Mumbai University and Diploma in Management. He was previously associated with some prominent companies like Gabriel India Limited, Endurance Systems Limited, TATA Autocomp Systems Limited and Mahindra & Mahindra Limited.

#### **The principal terms and conditions of Mr. Mohanan Manikram appointment as the Executive Director (hereinafter referred to as 'Mr. Mohanan') are as follows:**

- a) **Period of Appointment:** For a period of 3 (three) years commencing from 5<sup>th</sup> November 2019 or till the time Mr. Mohanan Manikram is in employment of the Company, whichever is earlier.
- b) Basic Salary: ₹ 3,83,284/- per month
- c) Ad Hoc allowance OR Other Allowance (including House Rent Allowance): ₹ 4,92,483/- per month
- d) Performance Incentive: up to a sum of ₹ 41,48,520/- per annum, the actual amount and mode of payment to be decided by the Nomination & Remuneration Committee/ Board from time to time, payable for each financial year or part thereof.
- e) Retirals: Company's contribution towards Provident Fund, Superannuation Fund and Gratuity- payable as per Rules of the Company.
- f) Perquisites & Benefits: In addition to the above, Mr. Mohanan shall be entitled to medical reimbursement and leave travel allowance.
- g) Long Term Incentive: He shall also be eligible to participate in the Long Term Incentive Plan of the Company in addition to his remuneration above as per the Company policy.
- h) Minimum Remuneration: Notwithstanding anything herein above, where in any financial year during the currency of his tenure as the Executive Director, the Company has no profits or its profits are inadequate, the Company will pay the aforesaid remuneration as Minimum Remuneration to him, subject to further approvals as required under Schedule V of the Act or any modification(s) thereto.

Mr. Mohanan satisfies all the conditions set out in Part-I of Schedule V of the Act as also conditions set out under Section 196(3) of the Act for being eligible for his appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act. Having regard to the qualifications, experience and knowledge, the Directors are of the view that the appointment of Mr. Mohanan as Executive Director will be beneficial to the functioning and future growth opportunities of the Company and the remuneration payable to him is commensurate with his abilities and experience.

As required under the provisions of the Act, approval of the Members is now sought to the appointment of Mr. Mohanan as Executive Director and the remuneration paid/payable to him as stated herein above.

None of the Directors, Key Managerial Personnel or their relatives, except Mr. Mohanan, are in any way, concerned or interested in this Resolution.

The Directors recommend the Ordinary Resolution as set out in Item No. 4 of this Notice for the approval of the Members.

## Item No. 5

### **Appointment of Mr. Subbu Venkata Rama Behara (DIN: 00289721) as an Independent Director**

The Board of Directors of the Company has appointed Mr. Subbu Venkata Rama Behara as an Additional Director of the Company with effect from 28<sup>th</sup> May 2020. He holds office upto the date of the ensuing Annual General Meeting pursuant to Section 161 of the Act.

Mr. Subbu Venkata Rama Behara is a veteran of the Indian automotive industry with prior leadership roles with Hyundai and Tata Motors. He is a MA in Economics from the Jawaharlal Nehru University, New Delhi, and a Post Graduate Diploma in Foreign Trade from the Indian Institute of Foreign Trade, New Delhi. Mr. Subbu presently manages a boutique strategy advisory firm Beyond Visual Range Consulting advises Private Equity funds and serves on the Board of Governors of the Shriram Institute for Industrial Research, Boards of KPIT Technologies Ltd., Sona BLW Precision Forgings Ltd, Comstar Automotive Technologies Pvt. Ltd., Ampere Vehicles Private Limited and Ola Electric Mobility Private Limited.

In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of an Independent Director requires approval of members. The Board of Directors has proposed that Mr. Subbu Venkata Rama Behara (DIN: 00289721), be appointed as an Independent Director on the Board of the Company for a term of five consecutive years from 28<sup>th</sup> May 2020 to 27<sup>th</sup> May 2025.

The appointment of Mr. Subbu Venkata Rama Behara, shall be effective upon approval by the members in the Meeting.

The Company has received a notice in writing from Mr. Subbu under the provisions of Section 160 of the Act signifying his candidature for the office of Director. Mr. Subbu has informed the Company

that he is not disqualified from being appointed as a Director in terms of Section 164 of the Act. Mr. Subbu has given a declaration that he meets with the criteria of independence as prescribed under Section 149 (6) of the Act and under Regulation 16 of the Listing Regulations. In the opinion of the Board of Directors, Mr. Subbu fulfils the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations. Mr. Subbu is independent of the Management.

Pursuant to amended Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 (As per MCA Notification dated 22<sup>nd</sup> October 2019) came into effect from 1<sup>st</sup> December 2019, Mr. Subbu has enrolled online with the Indian Institute of Corporate Affairs for inclusion of his name in the data bank maintained for Independent Directors.

As required under Regulation 36 of the Listing Regulations, his brief resume, giving nature of expertise, disclosure of relationships between Directors inter se and other directorships and committee memberships and shareholding in the Company, are furnished and form part of this Notice.

As per Section 149 of the Act and the Rules thereunder, an Independent Director can be appointed on passing an Ordinary Resolution in the General Meeting. Accordingly, the approval of the Members is sought for the appointment of Mr. Subbu as an Independent Director.

None of the Directors, Key Managerial Personnel or their relatives, except Mr. Subbu, are in any way, concerned or interested in this Resolution.

The Directors recommend the Ordinary Resolution as set out in Item No. 5 of this Notice for the approval of the Members.

## Item No. 6

### **Re-appointment of Ms. Sree Patel (DIN: 03554790) as an Independent Director**

Ms. Sree Patel was appointed as an Independent Director for a consecutive term of 3 years from 14<sup>th</sup> February 2017 to 13<sup>th</sup> February 2020 by the Members of the Company at their 98<sup>th</sup> Annual General Meeting held on 3<sup>rd</sup> August 2017.

Ms. Sree Patel is a Bachelor of Commerce from H.R. College of Commerce and Economics, Mumbai University and Bachelor of Law from Government Law College, Mumbai University having professional experience with over 33 years in the field of business strategy & advisory, corporate laws, M&A, divestment & acquisition of business, corporate governance, indirect tax, government affairs and FCPA compliance etc.

The Nomination and Remuneration Committee, after evaluating the performance and contribution and considering in-depth knowledge of Ms. Sree Patel recommended to the Board of Directors the re-appointment of Ms. Sree Patel as an Independent Director for a

second term of 5 (five) years effective from 14<sup>th</sup> February 2020 to 13<sup>th</sup> February 2025.

The Board of Directors of the Company based on the recommendation of the Nomination and Remuneration Committee, had approved the re-appointment of Ms. Sree Patel (DIN: 03554790) as an Independent Director on 5<sup>th</sup> February 2020 in terms of Regulation 17 of the Listing Regulations, Sections 149, 150, 152, Schedule IV and other applicable provisions, if any, of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force), to hold office for a second term of 5 (five) consecutive years from 14<sup>th</sup> February 2020 to 13<sup>th</sup> February 2025, not liable to retire by rotation, subject to the approval of the Members.

The Company has received a notice in writing from Ms. Patel under the provisions of Section 160 of the Act signifying her candidature for the office of Director. Ms. Patel has informed the Company that she is not disqualified from being appointed as a Director in terms of Section 164 of the Act. Ms. Patel has given a declaration that she meets with the criteria of independence as prescribed under Section 149 (6) of the Act and under Regulation 16 of the Listing Regulations. In the opinion of the Board of Directors, Ms. Patel fulfils the conditions for her appointment as an Independent Director as specified in the Act and the Listing Regulations. Ms. Patel is independent of the Management.

Pursuant to amended Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 (As per MCA Notification dated 22<sup>nd</sup> October 2019) came into effect from 1<sup>st</sup> December 2019, Ms. Patel has enrolled online with the Indian Institute of Corporate Affairs for inclusion of her name in the data bank maintained for Independent Directors.

As required under Regulation 36 of the Listing Regulations, her brief resume, giving nature of expertise, disclosure of relationships between directors inter se and other directorships and committee memberships and shareholding in the Company, are furnished and form part of this Notice.

As per Section 149 of the Act and the Rules thereunder, an Independent Director can be re-appointed for a second term on passing a Special Resolution in the General Meeting. Accordingly, the approval of the Members is sought for the appointment of Ms. Patel as an Independent Director.

None of the Directors, Key Managerial Personnel or their relatives, except Ms. Patel, are in any way, concerned or interested in this Resolution.

The Directors recommend the Special Resolution as set out in Item No. 6 of this Notice for the approval of the Members.

### Item No. 7

#### **Re-appointment of Mr. Vinay Sanghi (DIN: 00309085) as an Independent Director**

Mr. Vinay Sanghi was appointed as an Independent Director for a consecutive term of 3 years from 4<sup>th</sup> August 2017 to 3<sup>rd</sup> August 2020 by the Members of the Company at their 99<sup>th</sup> Annual General Meeting held on 13<sup>th</sup> August 2018.

Mr. Sanghi is an Auto industry expert, Conceptualised & executed numerous successful business ventures, Entrepreneur, Instrumental in taking a company to market leadership.

The Board of Directors of the Company, after evaluating the performance and contribution and considering the indepth knowledge of Mr. Sanghi, had approved the re-appointment of Mr. Vinay Sanghi (DIN: 00309085) as an Independent Director on 5<sup>th</sup> June 2020 in terms of Regulation 17 of the Listing Regulations, Sections 149, 150, 152, Schedule IV and other applicable provisions, if any, of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force), to hold office for a second term of 2 (two) consecutive years from 4<sup>th</sup> August 2020 to 3<sup>rd</sup> August 2022, not liable to retire by rotation, subject to the approval of the Members.

The Company has received a notice in writing from Mr. Sanghi under the provisions of Section 160 of the Act signifying his candidature for the office of Director. Mr. Sanghi has informed the Company that he is not disqualified from being appointed as a Director in terms of Section 164 of the Act. Mr. Sanghi has given a declaration that he meets with the criteria of independence as prescribed under Section 149 (6) of the Act and under Regulation 16 of the Listing Regulations. In the opinion of the Board of Directors, Mr. Sanghi fulfils the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations. Mr. Sanghi is independent of the Management.

Pursuant to amended Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 (As per MCA Notification dated 22<sup>nd</sup> October 2019) came into effect from 1<sup>st</sup> December 2019, Mr. Sanghi has enrolled online with the Indian Institute of Corporate Affairs for inclusion of his name in the data bank maintained for Independent Directors.

As required under Regulation 36 of the Listing Regulations, his brief resume, giving nature of expertise, disclosure of relationships between directors inter se and other directorships and committee memberships and shareholding in the Company, are furnished and form part of this Notice.

As per Section 149 of the Act and the Rules thereunder, an Independent Director can be re-appointed for a second term on passing a Special Resolution in the General Meeting. Accordingly, the approval of the Members is sought for the appointment of Mr. Sanghi as an Independent Director.

None of the Directors, Key Managerial Personnel or their relatives, except Mr. Sanghi, are in any way, concerned or interested in the Resolution.

The Directors recommend the Special Resolution as set out in Item No. 7 of this Notice for the approval of the Members.

## Item No. 8

### Ratification of the remuneration of Cost Auditors

M/s. Dhananjay V. Joshi & Associates, Cost Accountants (Firm Registration Number: 000030) (hereinafter called as 'Firm'), has been conducting the audit of the cost accounting records of the Company for the past many years. The Firm has, as required under Section 141 of the Act, confirmed its eligibility to conduct the audit of the cost accounting records of the Company for the financial year 2020-21 and has consented to act as the Cost Auditor of the Company.

Based on the recommendation of the Audit Committee, the Board of Directors at its Meeting held on 5<sup>th</sup> June 2020, approved the appointment of M/s. Dhananjay V. Joshi & Associates, Cost Accountants, as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2020-21 at a remuneration of ₹ 8.10 lakhs.

Section 148 (3) of the Act read with Rule 14 of the Companies (Audit and Auditor) Rules, 2014, requires the remuneration

payable to the Cost Auditors to be ratified by the Members of the Company. Accordingly, ratification by the Members is sought for the remuneration payable to the Cost Auditors for the financial year 2020-21.

None of the Directors, Key Managerial Personnel of the Company and their relatives, are in any way concerned or interested in this Resolution.

The Directors recommend the Ordinary Resolution as set out in Item No. 8 of this Notice for the approval of the Members.

By Order of the Board of Directors  
For Greaves Cotton Limited



**Atindra Basu**

Head- Legal, Internal Audit  
Company Secretary

Registered Office:  
Unit No. 701, 7<sup>th</sup> Floor, Tower 3,  
Equinox Business Park, LBS Marg,  
Kurla West, Mumbai- 400 070

Mumbai  
5<sup>th</sup> June 2020

**PROFILE OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING**

[Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standards-2 on General Meetings]

<b>Name</b>	<b>Mr. Karan Thapar (DIN: 00004264)</b>	<b>Mr. Mohanan Manikram (DIN: 08555030)</b>	<b>Ms. Sree Patel (DIN: 03554790)</b>	<b>Mr. Vinay Sanghi (DIN: 00309085)</b>	<b>Mr. Subbu Venkata Rama Behara (DIN: 00289721)</b>
<b>Date of Birth / Age</b>	20 <sup>th</sup> March 1957 63 years	8 <sup>th</sup> January 1964 56 Years	12 <sup>th</sup> June 1958 61 years	8 <sup>th</sup> May 1969 52 years	14 <sup>th</sup> February 1954 65 years
<b>Qualification</b>	Chartered Accountant	BE in Industrial Engineering from Mumbai University and Diploma in Management	Bachelor of Commerce, H. R. College of Commerce and Economics, Bombay University; Bachelor of law, Government Law College, Bombay University	Bachelor's degree from Sydenham College of Commerce and Economics, Mumbai	MA (Eco) from Jawarharlal Nehru University and Diploma in International Trade from Indian Institute of Foreign Trade.
<b>Date of first appointment</b>	26 <sup>th</sup> September 1991	5 <sup>th</sup> November 2019	14 <sup>th</sup> February 2017	4 <sup>th</sup> August 2017	28 <sup>th</sup> May 2020
<b>Expertise in Specific functional areas</b>	Managing companies, both private and public, having interest in diversified areas	Manufacturing Technology & Strategy, Quality Management, Product Management, Business Development and Supply Chain management	Business Strategy and advisory, Corporate Law, M&A, Divestment & Acquisition of Business, Corporate Governance, Indirect Tax, Government Affairs and FCPA Compliance.	Auto industry expert, Conceptualised & executed numerous successful business ventures, Entrepreneur, Instrumental in taking a company to market leadership	Veteran of the Indian automotive industry with prior leadership roles with Hyundai and Tata Motors. Presently manages a boutique strategy advisory firm Beyond Visual Range Consulting advises and Private Equity funds.
<b>Terms and Conditions for appointment/ re-appointment</b>	Re-appointed as Non-executive Director liable to retire by rotation	Refer Item No. 4 of the Notice and Explanatory Statement	Detailed terms and conditions of appointment of Independent Directors is displayed in Investors section on the website of the Company <a href="http://www.greaves cotton.com">www.greaves cotton.com</a>	Detailed terms and conditions of appointment of Independent Directors is displayed in Investors Section on the website of the Company <a href="http://www.greaves cotton.com">www.greaves cotton.com</a>	Detailed terms and conditions of appointment of Independent Directors is displayed in Investors section on the website of the Company <a href="http://www.greaves cotton.com">www.greaves cotton.com</a>
<b>Remuneration last drawn / remuneration sought to be paid</b>					Refer Corporate Governance Report

Name	Mr. Karan Thapar (DIN: 00004264)	Mr. Mohanan Manikram (DIN: 08555030)	Ms. Sree Patel (DIN: 03554790)	Mr. Vinay Sanghi (DIN: 00309085)	Mr. Subbu Venkata Rama Behara (DIN: 00289721)
<b>Directorships held in other companies</b>	<ul style="list-style-type: none"> <li>EICL Limited</li> <li>Premium Transmission Private Limited</li> <li>DBH International Private Limited</li> <li>Bharat Starch Products Private Limited</li> <li>Karun Carpets Private Limited</li> </ul>	<ul style="list-style-type: none"> <li>Ampere Vehicles Private Limited</li> </ul>	<ul style="list-style-type: none"> <li>Mondelez India Foods Private Limited</li> </ul>	<ul style="list-style-type: none"> <li>Shriram Automall India Limited</li> <li>Suraj Sanghi Finance Limited</li> <li>Mohan Three Wheelers Private Limited</li> <li>Project Automobiles (Bombay) Private Limited</li> <li>MXC Solutions India Private Limited</li> <li>Vinay Leasing and Finance Private Limited</li> <li>Sah and Sanghi Auto Agencies Private Limited</li> <li>Cartrade Finance Private Limited</li> <li>GIC Corporate Leaders' Foundation</li> </ul>	<ul style="list-style-type: none"> <li>KPIT Technologies Limited</li> <li>Sona BLW Precision Forgings Limited</li> <li>Altius Leo Automotive Private Limited</li> <li>Octogence Technologies Private Limited</li> <li>Eurofinance Training Private Limited</li> <li>Altius Trucks Sales &amp; Service Private Limited</li> <li>Comstar Automotive Technologies Private Limited</li> <li>Eurofinance Training and Publishing Private Limited</li> <li>NMC Automotive Infrastructure Private Limited</li> <li>Octogence Digital Systems Private Limited</li> <li>Ola Electric Mobility Private Limited</li> <li>Beyond Visual Range Consulting Private Limited</li> <li>Ampere Vehicles Private Limited</li> </ul>
<b>Memberships/ Chairmanships of committees across other companies</b>	<p><b>EICL Limited</b></p> <ul style="list-style-type: none"> <li>Nomination &amp; Remuneration Committee (Member)</li> <li>Share Transfer / Shareholders Grievance Committee (Member)</li> <li>Managing Committee (Chairman)</li> </ul> <p><b>Premium Transmission Private Limited</b></p> <ul style="list-style-type: none"> <li>CSR Committee (Chairman)</li> <li>Managing Committee (Chairman)</li> <li>Nomination &amp; Remuneration Committee (Member)</li> </ul>	Nil	<p><b>Mondelez India Foods Private Limited</b></p> <ul style="list-style-type: none"> <li>Committee of Directors (Member)</li> </ul>	<p><b>MXC Solutions India Private Limited</b></p> <ul style="list-style-type: none"> <li>Compensation Committee (Member)</li> <li>Corporate Social Responsibility Committee (Member)</li> </ul>	<p><b>KPIT Technologies Limited</b></p> <ul style="list-style-type: none"> <li>Audit Committee (Member)</li> <li>Nomination &amp; Remuneration Committee (Member)</li> <li>Stakeholder Relations Committee (Chairman)</li> </ul> <p><b>Comstar Automotive Technologies Private Limited</b></p> <ul style="list-style-type: none"> <li>Audit Committee (Member)</li> <li>Nomination &amp; Remuneration Committee (Member)</li> </ul> <p><b>Sona BLW Precision Forgings Limited</b></p> <ul style="list-style-type: none"> <li>Audit Committee (Member)</li> <li>Nomination &amp; Remuneration Committee (Member)</li> </ul>

## Greaves Cotton Limited

Name	Mr. Karan Thapar (DIN: 00004264)	Mr. Mohanan Manikram (DIN: 08555030)	Ms. Sree Patel (DIN: 03554790)	Mr. Vinay Sanghi (DIN: 00309085)	Mr. Subbu Venkata Rama Behara (DIN: 00289721)
<b>Relationship with other Directors, Manager and other Key Managerial Personnel of the Company</b>			None		
<b>Number of Meetings of the Board of Directors attended during the year</b>			Please refer to Corporate Governance Report		
<b>Shareholding in the Company</b>			NIL		
<b>Justification of Appointment</b>	Not applicable		Please refer Explanatory Statement to this Notice		



GREAVES COTTON LIMITED  
ANNUAL REPORT 2019-20

**GREAVES**

FUTURE

TOGETHER

**INFINITE POSSIBILITIES TOGETHER**

## 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.

## Inside the Report

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To get this report online and for any other information, log on to [www.greavescotton.com](http://www.greavescotton.com)

# EVERYONE MATTERS AT GREAVES

**Every customer – be it the global Original Equipment Manufacturer or the young Indian adult purchasing our electric two-wheeler; every employee working at our facilities, to the communities around our operations which we call home; every channel partner, vendor and technician who are intrinsic to our ability to provide the right product and service at the right time and place; our investors who repose their trust in our business, and of course, the silent stakeholder – our environment – is important to us.**

Stricter emission norms, tighter regulatory compliances, increasing government incentives and shifting customer preferences towards fuel-efficient, cost-effective and eco-friendly products, and the growing threat of climate change is driving the demand for high-performance sustainable products. Our shared future inspires us to do more, to achieve more for all.

By pursuing innovation and investing in advanced technologies, we offer solutions that not only serve diverse needs but are cleaner, greener, long-lasting and more efficient. Our aftermarket business meets the requirements of reliable, genuine spares across the product life and we continue to grow our retail footprint to get closer to our customers. Needless to say, when we serve customers better, we set a virtuous circle of value creation in motion to engineer a better future for all our stakeholders.

At Greaves, as we grow our business, we remain committed to put the collective interests of our stakeholders first in our hearts, minds and actions. To us, 'Future Together' is not supplemental to our business strategy, but at the centre of all that we do, why we do it and what we stand for as a culture.



# Chairman's Letter



## *Dear Shareholders,*

The beginning of 2020 witnessed the outbreak of coronavirus, a health crisis of immense proportion. The sheer scale and unpredictability of the pandemic has resulted in acute pullback in global economic activity to protect public health. At the same time, higher volatility from geopolitics, economic cycles, climate risk and several other factors continue, along with slowdown in the domestic economy, which means that we are navigating in uncertain times. In the months to come, there will perhaps be more shifts in the operating environment, just as there has been in our 160-year history. Amidst this change, we assure you that our commitment to our stakeholders remains constant; we will continue to focus on making our business more productive and sustainable.

Our performance in FY 2019-20 has been satisfactory, resilient keeping the challenging business landscape in perspective. Most importantly, our strategy of adding new revenue streams is delivering the mapped results. This success validates our decision to foray into areas that meet the dual objective of offering the highest potential for return on investment and creating sustained benefits for end-users and our environment.

We are particularly pleased with the way our new business lines of clean technology engines and electric vehicles is shaping up. In two years since their launch, these mobility solutions are making a growing contribution to our revenue. This year, we launched the world's first BS-VI compliant diesel engine for 3-wheelers. Our CREST engines for CNG and petrol segments are also aligned with the growing demand for cleaner, superior performance and cost-efficient solutions. Our Ampere brand, whose acquisition was completed during the year, provides an exciting range of electric scooters and e-rickshaws. With today's customers mindful of the negative effects of pollution and the planet's vulnerabilities, we believe that our last-mile e-mobility solutions in the commercial and personal segment will enable us to respond effectively to emerging demand for sustainable transportation.

During the year, we further enhanced customer-centricity through our fast-expanding network of Greaves Care retail outlets and

Ampere dealers across India. Greaves Care provides customers with comprehensive solutions in sales, service and spares, thereby making it a one-stop shop for last-mile mobility support. For Ampere, we launched attractive initiatives for customer financing and to bring proud owners closer together. As we extend our collaboration with our channel partners and deepen our engagement with our customers, we believe there are considerable opportunities for growth through our B2C channels.

Greaves has been a diversified company for generations. This year, our performance in segments of farm, aftermarket and international business was impacted by the slowdown across industries. However, we believe that the long-term fundamentals are robust, and our diversified business model will enable us to extract greater value once the economic situation revives.

Our people make our success possible; we remain committed to invest in their growth and reinforce a value-led culture. We also recognise our responsibility towards the communities where we live and work and are actively contributing to programmes that have a sustained social impact. Finally, through good corporate governance, we will continue to act with integrity at all times to protect the interests of our shareholders.

In closing, on behalf of the Board of Directors, I would like to extend our gratitude to our customers, business partners, vendors, employees, investors and shareholders for their steadfast support. While we work to deliver high performance every quarter, our overarching objective is to ensure that we build Greaves to succeed for the long haul. Thank you for believing in us and for joining us on this journey of powering a better future for all.

A handwritten signature in black ink, appearing to read 'Karan Thapar', written over a light grey circular background.

**Karan Thapar**  
Chairman

# Corporate Information

## BOARD OF DIRECTORS

Mr. Karan Thapar  
*Chairman*

Mr. Nagesh Basavanhalli  
*Managing Director & CEO*

Mr. Arvind Kumar Singhal  
Mr. Kewal Handa  
Ms. Sree Patel  
Mr. Vinay Sanghi

Mr. Mohanan Manikram  
*Executive Director*  
(w.e.f. 5<sup>th</sup> November 2019)

Mr. Subbu Venkata Rama Behara  
(w.e.f. 28<sup>th</sup> May 2020)

## CHIEF FINANCIAL OFFICER

Mr. Amit Mittal  
(w.e.f. 27<sup>th</sup> April 2020)

## COMPANY SECRETARY

Mr. Atindra Basu

## AUDITORS

Deloitte Haskins & Sells LLP

## COST AUDITORS

Dhananjay V. Joshi & Associates

## INTERNAL AUDITORS

Ernst & Young LLP

## BANKERS

State Bank of India  
Bank of India  
ICICI Bank  
HDFC Bank  
Kotak Bank  
Yes Bank

## REGISTRAR & SHARE TRANSFER AGENT

KFin Technologies Private Limited  
(formerly known as Karvy Fintech Private Limited)  
Karvy Selenium Tower B,  
Plot 31-32, Gachibowli, Financial District,  
Nanakramguda, Hyderabad – 500 032  
Phone: 040 - 6716 2222  
Fax: 040 - 2342 0814  
Email: einward.ris@kfintech.com

## REGISTERED OFFICE

Unit No. 701, 7<sup>th</sup> Floor, Tower 3,  
Equinox Business Park, LBS Marg,  
Kurla West, Mumbai – 400 070

## WORKS

### Maharashtra

Chinchwad, Pune  
Chikalthana, Aurangabad  
Shendra, Aurangabad

### Tamil Nadu

Ranipet

# Future Together...

## WITH A CLEANTECH PORTFOLIO

Embracing the responsibility to make the world a greener and a better place for all, we have invested in 'technovation' - technology and innovation - to launch a wide range of fuel agnostic powertrain solutions.

We introduced the world's first single cylinder BS-VI compliant diesel engine for 3-wheelers this year. Powered with pathbreaking electronic fuel injection technology and after-treatment systems, the engine reduces emissions dramatically. While enabling environment sustainability, the engine also provides better torque and enhanced load carrying capability. This enables the vehicle to go further and faster, even on upward slopes, resulting in low total cost of ownership and fuel efficiency.

Our commitment to cut costs and emissions and not performance is also evidenced in our revolutionary CREST (Clean Responsible Technology) engines. These engines are used for urban mobility in 2-wheelers and 3-wheelers in the Compressed Natural Gas (CNG) and petrol segments. With its unique lean burn technology, the engines can provide up to 30% higher fuel efficiency as well as reduce emissions by 30%.



## BY SERVING DIVERSE SECTORS

Our commitment to 'Future Together' is also recognisable in our wide range of non-automotive engines that are reliable, fuel efficient and compact. Greaves is the only Indian manufacturer to offer non-automotive engines with power capacity ranging from 1.5 HP to 700 HP. Serving the needs of multiple sectors such as agriculture, marine, construction and industrial, these trusted solutions empower thousands of enterprises, individuals and projects across the world.

We also manufacture a smart range of industrial and portable generator sets that ensure uninterrupted power supply for multifarious applications. Our indigenously manufactured farm equipment is another key offering, through which we endeavour to power farm mechanisation and engineer a better tomorrow for our farmers.



## WITH e-MOBILITY SOLUTIONS

Increasing conscious of the global environmental changes, young consumers are exercising their power and voice to effect the change they want to see. Their demand for sustainable transportation is increasing; we are responding to this with our electric mobility solutions.

Our latest brand – Ampere by Greaves, whose acquisition we completed during the year, offers an exciting range of electric scooters in India. Ampere is also one of the fastest growing electric scooter brands in the country. The brand has over 50,000 customers, which has resulted in 25,000 litres of petrol savings and 38,000 tonnes of CO<sub>2</sub> reduction – the equivalent of planting around 30,000 trees.

In addition to personal e-mobility solutions, we now also offer last-mile commercial mobility through our electric rickshaws. These vehicles help in improving savings while ensuring zero emissions and zero noise to support the development of a cleaner and greener environment.



## GREAVES AFTERMARKET

**ENGINE PARTS. VEHICLE PARTS.  
ANY MAKE. ANY BRAND.**



## WITH SERVICE ASSURANCE

Our aftermarket business with its pan-India reach and wide range of offerings is aimed at powering smooth customer experiences way beyond. We offer trusted, genuine and affordable spares of multiple product lines, which are available in 6,300 retail outlets across the country. We also have Company-owned aftermarket retail outlets. Greaves Spares is a one-stop shop meeting all requirements of spares across the life cycle of products for all business groups. Greaves Care, on the other hand, provides aftermarket support exclusively to 3-wheelers and small 4-wheelers of any make. The on-ground support of 10,000 trained technicians further strengthens our capabilities in reaching out to our customers and reassuring them with the services they need.

## WITH CONNECT, COLLABORATION AND COMMITMENT

Our electric scooters are reaching out to our customers through our fast-growing retail network. Ampere is currently available at 200+ dealers across 200+ cities and towns in India. HOLA (Happy Owners League of Ampere), is India's first ever electric vehicle community; another step to be closer to our customers and engage with them regularly. We have also forged strategic alliances with financial entities for providing special finance solutions to Ampere customers.

Our OEM customers, channel partners and vendors are core to our operations and our competitive advantage. We are regularly engaging with them to create and deliver tomorrow's solutions, thereby enabling a mutually beneficial future.

Our people make the future that we envisage, possible. Work-life balance, employee appreciation and recognition, regular employee interactions with top management are some of the things that we emphasise to facilitate an enabling and energising work environment. People who feel truly valued and inspired will empower us to meet the evolving expectations of our customers and investors.

Our new business lines, along with our existing diversified business segments and global presence, is driving long-term growth for our shareholders. At the same time, our commitment to our planet and communities is enabling us to foster a strong, sustainable future. Together, in collaboration with all our stakeholders, we are building on our legacy of 160 years and creating an extraordinary future for all.

# Board of Directors





**1****Mr. Karan Thapar****Position** - Chairman of the Board**Educational Qualification** - CA**Expertise** - Managing companies, both private and public, having interest in diversified areas**2****Mr. Nagesh Basavanhalli****Position** - Managing Director & CEO**Educational Qualification** - B.E. (Mechanical) - M.S., University of Texas, MBA - University of Chicago Booth School of Business**Expertise** - Building New Business and Brands, Strategic tie-ups & Partnerships, Multicultural Global exposure**3****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**4****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**5****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**6****Mr. Vinay Sanghi****Position** - Independent Director**Educational Qualification** - Bachelor's degree from Sydenham College of Commerce and Economics, Mumbai**Expertise** - Auto industry expert, Conceptualised & executed numerous successful business ventures, Entrepreneur, instrumental in taking a company to market leadership**7****Mr. Mohanan Manikram****Position** - Executive Director**Educational Qualification** - BE in Industrial Engineering from Mumbai University and Diploma in Management**Expertise** - Experience in the Auto, Farm Machineries, Engine, Genset Industries, Manufacturing Technology & Strategy, Quality Management, Product Development, Business Development and Supply Chain Management**8****Mr. Subbu Venkata Rama Behara****Position** - Independent Director**Educational Qualification** - MA in Economics from the Jawaharlal Nehru University, New Delhi and Post Graduate Diploma in Foreign Trade from the Indian Institute of Foreign Trade, New Delhi**Expertise** - Veteran of the Indian automotive industry having experience in research and development, quality development, product management, strategising market share growth and possesses understanding of diverse business environments, economic and political conditions and cultures globally

# Financial Highlights

(₹ in Crore)

Particulars	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20
	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar
	12 mths	12 mths	12 mths	12 mths	12 mths	12 mths	12 mths	12 mths	12 mths
Revenue from Operations (Gross)	1,926	2,096	1,915	1,856	1,800	1,819	1,840	1,988	1,821
Less: Excise Duty	173	223	196	167	187	185	48	0	0
Revenue from Operations (Net)	1753	1873	1719	1689	1613	1634	1792	1988	1821
EBIDTA (before exceptional item)	237	242	194	200	267	243	255	275	228
EBIDTA (%)	13%	13%	11%	12%	17%	15%	14%	14%	13%
EBIT (before exceptional item)	211	219	177	177	269	247	248	268	196
Profit before Tax	251	200	164	109	295	252	296	246	197
Profit after Tax	185	138	113	82	199	181	203	169	148
Total Comprehensive Income	-	-	-	-	200	181	201	171	149
ROCE (%)	34%	30%	22%	21%	31%	27%	26%	27%	21%
Equity	48.84	48.84	48.84	48.84	48.84	48.84	48.84	48.84	46.24
Earnings Per Share (₹)	7.60	5.65	4.63	3.34	8.17	7.40	8.30	6.93	6.16
Net Worth	645	738	814	816	887	921	960	969	888
Debt	20	2	-	-	-	-	-	-	-
Capital Employed	700	779	851	832	906	938	981	976	882
Debt : Equity	0.03	0.00	-	-	-	-	-	-	-
Dividend (%)	110	80	65	125	280#	250#	275#	275#	

# Represents dividends actually paid, excludes proposed dividends.

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

EBIDTA - Earnings Before Interest, Depreciation, Taxes and Amortisation

EBIT - Earnings Before Interest and Tax

ROCE - Return On Capital Employed

PBT - Profit Before Tax

PAT - Profit After Tax

EPS - Earnings Per Share (₹)

# Management Discussion and Analysis

## ECONOMIC REVIEW

### Global Economy

The International Monetary Fund (IMF), in its World Economic Outlook, April 2020, calculated a global economic growth of 2.9% in 2019, a significant fall from 3.6% in 2018. This slowdown was attributed to a lag in global manufacturing and trade, driven by negative growth in a few emerging economies.

The last quarter of FY 2019-20 was marked by an unprecedented global crisis — the rapid spread of the novel coronavirus disease of 2019 (COVID-19) across continents, millions infected, and lockdowns in most of the affected nations — that struck a severe blow even to the strongest economies. The impact of the crisis, which has both health and economic aspects, could mean a sharp contraction in the global economy. The IMF has projected a global growth rate of — 3% for 2020. However, if the pandemic fully recedes in the second half of 2020, the global economy is projected to grow by 5.8% in 2021, supported by fiscal stimulus in several nations.

Source: IMF World Economic Outlook, April 2020, P = Projections

### Indian Economy

India experienced a slowdown in keeping with global developments. The manufacturing, trade, and agriculture sectors decelerated considerably. But the country's core growth drivers such as policy and demographics remained strong. An estimate released on January 7, 2020, by the National Statistical Office (NSO) projected a real GDP growth of 5% for FY 2019-20. As per the IMF, India in

2019, with its GDP growth of 4.2%, was ahead of the advanced economies' collective GDP growth of 1.7% and emerging markets and developing economies' collective GDP growth of 3.7%. India and China are the only two nations in the world (outside the bloc of low-income developing countries) whose GDPs are expected to remain positive in 2020, at 1.9% and 1.2%, respectively. The IMF's projected GDP number for India in 2021 is 7.4%.

The Government's push for better logistics infrastructure is likely to increase business competitiveness in India, aided by multiple repo rate cuts by the Reserve Bank of India (RBI) and the reduced corporate tax rate. The National Infrastructure Pipeline (NIP), with a substantial budget across sectors, will be another catapult for the economy. The Union Budget 2020-21 was oriented towards India's growth aspirations of becoming a USD 5 trillion economies. However, the COVID-19 outbreak has posed fresh challenges to the growth projections.

## COMPANY OVERVIEW

Greaves Cotton Limited (hereinafter referred to as the 'Company' or 'Greaves Cotton') is a highly diversified engineering company operating in India and overseas markets. Greaves Cotton has an extraordinary legacy of 160 years, based on a strong foundation of trust, reach, and capability. The Company manufactures world-class products and solutions under multiple Business Units, through 6 state-of-the-art manufacturing facilities.

### Business Units



Automotive business  
(Automotive Engines  
and Aftermarket)



Non-Automotive  
business

- Non-Automotive Engines
  - Industrial Engines
  - Farm Equipment
- Auxiliary Power Business



Greaves Retail -  
3S outlets  
(Sales, Service and Spares)



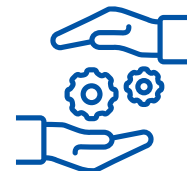
Electric Mobility  
(Ampere and  
E-Rickshaw)



Greaves Finance



Greaves Global



The Company  
manufactures world-  
class products and  
solutions under  
multiple Business Units,  
through 6 state-of-  
the-art manufacturing  
facilities.

Greaves Cotton is a Company that has always believed in growing through collaboration and followed a holistic approach for growth. Collaboration is no longer just a strategy but a key to long-term sustainable business. Every responsible company is in the relationship business, be it with customers, the stakeholders, communities or other companies with whom they can work together. The best way to serve customers and move a business forward is to work better with others towards a common goal. The goal for Greaves goes beyond the balance sheet, and focusses on creating an impact on people and environment and giving support to lives through generating avenues for financial independence and employment. The Company believes that eventually, it is the balance of payments (BoP), i.e. the balance sheet of the country that matters the most for companies to survive and grow. BoP indicates the strength and weaknesses of the economy and asserts the long-term significance of collaboration for a win-win situation.

The Government of India is focussing on a steady growth of core sectors to improve its BoP and at the same time developing the basic infrastructure for new India. Companies like Greaves Cotton with presence in multiple sectors is likely to play a pivotal role in transforming and catapulting the growth rate of the country by contributing to the growth of numerous businesses that will be benefited by its range of products.

### More to Life

Greaves Cotton touches multiple core sectors with its reliable and affordable solutions, generating numerous possibilities and helping customers improve productivity. Greaves with a diversified presence in gensets, agriculture, marine and construction and especially into E-mobility will be a game changer as these sectors contribute significantly towards GDP. After the COVID-19 outbreak, demand in these sectors, especially construction, agriculture and personal mobility will pick up significantly with the economy getting back in action. The Company acts as a business enabler by offering a range of products with multiple applications that let customers do more with lesser cost; save more and get more to their business and life. Going beyond that, the Company is creating a long-term impact on its stakeholders and on the socio-economic structure of India. It provides business opportunities for associated customers, vendors and agency partners, dealers, distributors, and retailers, while creating employment opportunities for thousands of people. This is supported by its responsibility towards environment, which is manifested in its range of fuel-agnostic solutions and E-mobility range.

### The Brand 'Greaves'

**6,300+**  
Customer touchpoints

**380+**  
Big 3S (Sales, Service, and Spares) retail outlets

**₹ 400+ crore**  
through new revenue streams

**10,000+**  
on-ground support mechanics

**Fast growing**  
e-mobility range

## COMPANY PERFORMANCE

### New Applications, New Possibilities

In the past three years, the Company diversified into multiple businesses to sustain growth. After crossing the mark of producing 5 million engines, the Company forayed into manufacturing of marine engines and engines for defence and construction equipment. Further, to meet clean energy and e-mobility demands, it shifted its focus towards fuel agnostic powertrain solutions and electric vehicles. It also ventured into the electric 2-wheeler market through its brand 'Ampere by Greaves' and forayed into the selling of e-rickshaws through its retail outlets. It also developed and augmented its aftermarket business to offer end-to-end solutions to its customers.

In the year under review, the Company continued to diversify, adding new products and applications, expanding to new geographies, and opening up new revenue streams, which consolidated the gains of last three years.



**Key Milestones of FY 2019-20**

- Completed acquisition of 100% stake in electric 2-wheeler company Ampere Vehicles.
- Accomplished strategic collaboration between Greaves Finance and WheelsEMI for financing of Ampere electric 2-wheelers.
- Launched the world's first BS-VI compliant single-cylinder 3-wheeler diesel engine.
- Launched a diverse range of Clean RESponsible Technology (CREST) petrol/CNG engines.
- Increased the network of big 3S (Sales, Service, and Spares) retail centres to more than 380.
- Increased network of retail outlets of genuine spares and multi-brand 2-wheeler and 3-wheeler spares to 6,300.
- To augment its aftermarket business, the Company ramped up its multi-brand spares portfolio for 3-wheelers and 2-wheelers

**Financial Performance**

The Company has reported healthy performance for eight consecutive quarters, followed by significant increase in the new business of e-mobility and fuel-agnostic powertrain solutions. During FY 2019-20, consolidated revenue stood at ₹ 1,910.96 crore as against ₹ 2,015.3 crore in FY 2018-19, registering 5.2% degrowth. PAT at ₹ 127.27 crore in FY 2019-20 was 21.7% lower than ₹ 162.63 crore in the previous year. In the year under review, an exceptional income of ₹ 4.71 crore was earned, against an exceptional expenses of ₹ 17.87 crore in FY 2018-19. New business initiatives contributed about 25% of the total standalone revenue for the year.

**SEGMENT-WISE BUSINESS OVERVIEW****Automotive Business (Automotive engine and Aftermarket)**

# GREAVES MULTIBRAND 3 WHEELER SPARES


**Industry overview**

Mobility is one of the key factors that are responsible for driving the economic growth in the country. 2-wheelers and 3-wheelers and commercial 4-wheelers work like a lifeline of the real India. The industry also provides great investment opportunities, creates jobs and creates demand for a host of ancillary sectors. Mobility is a critical economic factor both directly and as a means of providing necessary goods and services for the foundation of economic life. As the country's economy rides on transportation, automotive

engines remain an indirect mover for the economy. Diesel-powered engines move a large portion of last-mile transportation, because of high efficiency, reliability, durability and low operating cost. Greaves Cotton with its significant presence in last-mile transportation mobilises India with 5 lakh tonnes of cargo and one million passengers every day. The Company's Cleantech range of fuel-agnostic powertrain solutions, with a low cost of ownership, remains its key revenue driver as well as the growth engines for overall economy.

Four years back, India's Ministry of Road Transport and Highways announced the decision to leapfrog from Bharat Stage (BS)-IV to BS-VI directly from April 1, 2020. Despite the slump in global and Indian auto sector, the automobile and the component industry got ready for the transition in record time. Keeping up with the industry regulation, Greaves Cotton launched the world's cleanest single-cylinder BS-VI diesel engine for 3-wheelers in December 2019. Without having any worldwide benchmark to fall back upon, Greaves with its R&D support and technical expertise built this compact engine from the ground-up in record-time.

Growing concern for climate changes and vehicle pollutions have been a challenge for the automotive companies and progressive companies are investing on R&D and technology upgradation to develop responsible automobile and powertrain technology. This has led to the development of Greaves Cotton's Clean RESponsible Technology (CREST) range of petrol/CNG engines.

**CREST ENGINE**  
CLEAN RESPONSIBLE TECHNOLOGY  
Benefits Economy, Benefits Ecology

**CLEANTECH SOLUTIONS**







**UP TO 30%\***  
HIGHER FUEL EFFICIENCY



**UP TO 30%\***  
LESSER EMISSION

\*As per internal tests.

## Business Overview

The Company's automotive engines are available in an all-fuel range, including diesel, petrol, hybrid, electric, or Compressed Natural Gas (CNG). The newly-launched BS-VI diesel engine is built for affordable 3-wheeler application, providing better performance and ensuring significant pollutant reduction. The highlight of this engine is its lower total cost of ownership (TCO) and fuel efficiency. The Company's range of CREST petrol/CNG engines deliver up to 30% less emission and 30% more fuel efficiency thus offers best-in-class on road performance with significantly high savings proposition and longer service life in urban mobility. The BS-VI ready CREST CNG engines are currently in trial phase.

With its world-class automotive engines with stringent regulatory norms, Greaves Cotton ensures its customers who drive their 3-wheelers and small commercial 4-wheelers to earn a living, do not suffer for non-compliance of technology upgrade, and move ahead with support from Greaves. The Company continues to add value to its customers while mobilising lives across every corner of the nation with support from its wide distribution network.



## Aftermarket

Greaves Cotton also assures its automotive engine customers of timely and trustworthy Aftermarket service, with a wide range of genuine, affordable, and reliable spares. It currently has 6,300 aftermarket retail outlets, supported by 10,000 auto mechanics on ground. The Company's aftermarket business emerged from the need to support its primary businesses of engines and farm equipment, and the increasing demand for genuine spare parts, along with its entry into new territories. By expanding its network, the Company has largely overcome the challenge posed by the unorganised trade in spare parts and maintenance service.

## Greaves Multi-Brand Business

The Company provides a one-stop shop that caters to all the spare parts needs for the products within its business segments throughout the product lifecycle. To maintain its market advantage, the Company has added more product categories to its aftermarket portfolio and has focussed on a wider network promoting a multi-brand business.

## Key developments in FY 2019-20

- Auto mechanic loyalty programme
- Expanding retail network
- Growing demand from traditional vehicles in rural segment
- Foray into 3-wheeler accessories
- A new range of spare parts, compliant with BS-VI norms
- Expansion of 2-wheeler multi-brand parts range
- Raids at multiple locations against spurious parts sale to protect consumer interest

## Risks and Concerns

- Tapering demand for diesel vehicles
- Growing demand for green fuel and clean energy solutions
- Changing emission norms
- Large prevalence of duplicate parts
- Slow growth in aftermarket following the COVID-19 outbreak

**The newly launched BS-VI diesel engine is built for affordable 3-wheeler application, providing better performance and ensuring significant pollutant reduction.**

## Outlook

The Company is collaborating with international tech majors for the development of fuel-agnostic powertrain solutions. Given the implementation of BS-VI norms from April 2020, the Company has closely worked with leading automotive OEMs to supply BS-VI compliant engines with superior cost economics.

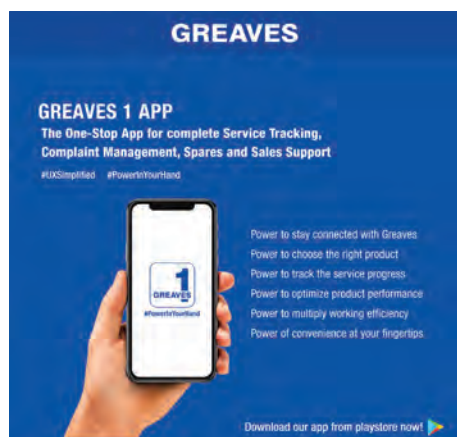
In India, the Government's push for infrastructure development, schemes for smart cities and urban and rural development, as well as construction of roads and highways, will drive the demand for automobiles and, consequently, for automotive engines. A consumer-driven economy, young spenders' aspirations, and increasing urban commute will lead to an uptick in the sales of personal vehicles and 3-wheelers, aiding automotive engine sales. While growing number of migrant labourers to cities and in absence of good alternative on employment, there will be a rise in ownership of last-mile passenger and cargo carriers. This is also expected to spur demand post the COVID -19 scenario.

## Non-Automotive Business

### a) Non-Automotive Engines

The Greaves Cotton range of non-automotive engines has fuel-efficient, compact, and versatile products for various non-auto applications, including agriculture and construction, marine industries, gardening, and micro-irrigation applications, railway and defence.

The Non-Automotive Small Engines (NASE) have become a growth handle for many small businesses, promoting the idea of “one engine, many applications”. The range is supported by Greaves Cotton’s strong product quality, great service, original spare parts availability, and solid backup of trained technicians and application engineers. The Company has partnered with small and micro-entrepreneurs and equipment manufacturers in India and abroad, helping them increase their output. The range is segregated under Industrial Engines, auxiliary power and farm equipment depending on their usage and horse power.



### b) Industrial Engines Industry Overview

The slowdown in Indian economy impacted the performance of the industrial engines segment. Low investment on real estate projects and delay in Government subsidy schemes put pressure on the demand. However, industry showed promising growth in agriculture and marine segment driven by various government schemes.

Greaves small engines (1.5 – 45 HP) have been actively involved in mechanising manual labour, contributing to health, hygiene and productivity of the country. The government’s growing focus on infrastructure and construction sector in FY 2019-20, and increased mechanisation in these sector continued boosting demand for diesel engines. Swachh Bharat Abhiyaan also has boosted mechanisation of sanitation work. Greaves engines powered sprays, sewage rodding machines are actively contributing to various Government initiatives. As India is taking baby steps towards mechanisation of labour, it opens up a huge market potential for Greaves to tap.

## Business Overview

Greaves has unique advantage of widest range of diesel engines (1.5 HP to 700 HP) in market, supported by CNG and gasoline fuel options. Greaves Industrial engine business has grown significantly year-on-year with all segments and products registering growth. Engines for fire pumps and tractors have been the major growth drivers for Greaves in the year under review. Greaves has successfully acquired FM/UL approval (8 engine models and 39 ratings) for fire pumps, which will be catering to both domestic and the international market.

### Key Highlights

- Greaves engines are opening up opportunities for Indian MSMEs to invest in locally assembled machinery, deliver at low operational cost and cutting down on manual labour.
- Greaves lightweight, single cylinder engines have helped young technopreneurs to fabricate their own machinery.
- Greaves industrial engines have penetrated into the rural markets with easy availability of products, spares and services.
- Firefighting pumps – Greaves pumps have the FMUL accreditation.
- Greaves small diesel engines have benefited many small size rural farms by boosting use of mini-tractors.
- The fishing community across the south east coast have extensively used Greaves air-cooled engines in order to power their fishing boats.

## Risk and Concerns

- Global slowdown due to Corona virus spread
- Emission norm applicability for several new machines
- Cheap imported engines pose a challenge to agri, construction and marine engines
- Easily available small machines, being powered by electric motor are posing a challenge
- Deferment of capital-intensive projects especially in the post COVID scenario

## Outlook

The Company has been organising extensive training programmes for the distribution partners to keep them updated on mechanisation potential in India. This has helped several partners in getting into new revenue zone with better returns. The Company has a positive growth outlook for marine sector because of government initiatives and environmental regulations. The Company also expects major demand coming from the agricultural sector in the next fiscal.

Greaves Cotton plans to foray into new geographies with FM/UL approved engines. Through various applications in agriculture, construction, industrial, marine and defence, industrial engines business expects to continue growth momentum, while adding "More to Life" to their customers and their communities.

### c) Auxiliary Power Business

#### Industry Overview

The auxiliary power market is being driven by real estate, infrastructure, railways, telecommunication, airports, and the industrial sectors. In FY 2019-20, a general slowdown in Indian economy followed by corona virus outbreak put pressure on the industry. The slump in telecom sector impacted the demand for DG sets in the industry in FY 2019-20. In non-telecom market, end user segments such as infrastructure and commercial buildings fared comparatively better but the overall demand remained subdued. Banking sector and data centres continued to drive demand for DG sets. The segment received further support from Government impetus to rural sector. The industry is likely to start recovering in Q2 of 2021, provided the coronavirus impact comes into control by then.

#### Business Overview

Greaves offers CPCB-II compliant gensets that meet the demand of multiple sectors. With a focus on low TCO, the Company offers the most comprehensive range of diesel gensets that are compact, reliable, and efficient and offer reliable after sales service. The strength of the business lies in Greaves brand, reach and capability.

#### Key Highlights

- Complete range from 2.5 kVA to 1250 kVA
- Used in Government and tender businesses in India
- Registered in maximum Government bodies including Indian Railways
- Namami Gange project is working on Greaves gensets
- Used in most of the Airports run by Airports Authority of India
- Greaves has supplied gensets to Indian border roads
- Used in Government hospitals like Mahatma Gandhi Medical College
- Supplier to one of the leading Petroleum company
- The largest supplier to Reliance Retail
- Key supplier to Sewage Treatment Plant projects
- Supplier to most of the municipal corporations
- Supplier to affordable housing (Pradhan Mantri Niwas Yojana) in Surat



#### Risk and Concerns

- DG Industry is moving from lower kVA to higher kVA. However, entering into the HHP segment requires high investment, and shifting to a different go-to-market strategy
- Industry to prefer players with capabilities for product sales, service and spares
- Stronger presence across HHP range needed to be competitive
- Cost-effective solutions conforming to CPCB IV+ emission norms
- Gas and hybrid fuel based gensets solutions are gaining popularity

**Greaves Cotton is building IT-enabled systems for improving its sales and customers relations and tapping market intelligence on regular basis.**

#### Outlook

Greaves Cotton is working on existing portfolio upgradation to CPCB IV and new product launch to comply with new emission standards. The Company is moving towards directly serving consumer segment with rental/pay per use service model. The Company expects its strong institutional business to help mitigate economy slowdown factors. Greaves Cotton is building IT-enabled systems for improving its sales and customers relations and tapping market intelligence on regular basis. Further, an effort to offer best-in-class service standards is expected to support the Company to leverage on industry growth.

### d) Farm Equipment Business

#### Industry Overview

The agricultural equipment market is projected to grow at a significant rate, bolstered by the Government's efforts towards farm mechanisation, along with credit and insurance support for farmers. The level of farm mechanisation in India currently stands at 40-45%, with a good potential to grow further. A number of Government support schemes are likely to increase farm mechanisation in India.





With Government support, growing income, and the involvement of the younger generations in farming, the industry is expected to grow in the next fiscal. It will also be driven by farmers' intention to increase food security and income, with the backdrop of farm labourers moving to cities for work, necessitating the use of machines.

### Business Overview

Greaves Cotton provides Farm Mechanisation solution to small and marginal farmers, which constitute over 80% of the agri segment in the country. The Company has evolved as a farmer-friendly equipment brand with a wide range of the efficient agricultural equipment, such as pumpsets, power tillers, irrigation machines, and light agri-equipment. The reliable and affordable solutions for small and marginal farmers help them increase productivity and cut down on manual labour in a significant way.

During the 2019-20, the Company has worked inventory management to meet the futuristic challenges. Operational teams have been integrated with other verticals of company to enhance geographical presence. The Company is working with small equipment manufacturers to promote the sale of engine and the end products. Greaves is planning to introduce products in electrical pumps, OHV pumps, power weeder, and multipurpose mini power tiller and brush cutter to tap the opportunities.

### Risk and Concerns

- Shifting from subsidised products to non-subsidised products will be a gradual process
- Growing agricultural inflation
- Climate-related crisis for farmers

### Outlook

Government's thrust to improve farmer income at ground level, it is expected to improve livelihood and purchase power of small and marginal farmers. The Company is working on the introduction of affordable solutions for the farmers. It has also planned to get closer to customers in rural pockets for agri and mobility solutions which will complete their execution aspiration in farming and help it reach interior areas in less time.

### Greaves Retail (3S Outlets)

Greaves Retail is mobility enabler one-stop shop for all customers needs in a mobility ecosystem. It offers a comprehensive 3S (Sales, Service and Spares) proposition to customers, especially for products that are related to clean technology and clean mobility. With more than 380 retail outlets across the country, this business segment establishes the Company's credibility as an end-to-end solution provider.

**Greaves Care**, a part of Greaves Retail, is an organised service set-up for 3-wheeler and small 4-wheeler commercial vehicles, well supported by genuine parts and Company-trained mechanics, making it a one-of-a-kind retail platform in India.

From its nationwide network, the Company is striving to get closer to the customer and ensure higher uptime for the customers using the last-mile automobiles for their livelihood. Greaves Care has registered a significant growth since inception in terms of customer inflow. Also, customer retention has been increasing at a healthy rate. The Company keeps track of customer index and all feedback is addressed seriously to improve service Quality, Cost (VFM) and delivery.

Most of the outlets (Franchisees) have registered profitable business as guided by the company

- by supporting/guiding them on service activities/campaigns both at outlets and at site
- by sharing the sample PSF (Post service follow-up) feedbacks
- SMR (Service Maintenance Reminder) calls also supporting Franchisees for Inflow there by revenue

### New Initiatives

- Agreement signed with TVS 3W for OEM service through Greaves Care franchisee
- Greaves Tyres introduced and quality tested. Received good feedback
- BS-VI Training to channel partners



These outlets let a customer buy stylish range of Ampere electric vehicles and other E-mobility solutions and offer bumper-to-bumper service to any 3-wheeler customer along with multi brand spare parts.

With Greaves Retail, the Company is planning EV vehicles stores (3S) with enhanced infrastructure supporting the cause of using electric mobility including for last-mile solution.

### Electric Mobility

Electric mobility is gaining momentum in India, especially for intra-city commute, as national and local governments work to bring down pollution levels and consumers desire better cost efficiency. The Government of India recently implemented Phase II of the Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME India) Scheme to give this sector a big push. Keeping in mind the country's objectives, Greaves Cotton has taken the lead in providing reliable and energy-efficient electric mobility solutions for 2-wheelers through its e-mobility subsidiary Ampere Vehicles. The Company also sells e-rickshaws through its Greaves Retail outlets.

### Business Overview

The Company's e-mobility solutions have been designed based on customer needs. These solutions have applications across segments, including:

- Everyday personal mobility
- B2B commercial and passenger mobility

By establishing a fast-growing presence in electric mobility, the Company is ensuring that it remains future-ready, able to cater to evolving consumers.

#### a) Electric 2-wheelers (Ampere)

Today, short journeys account for two-thirds of all transport emissions in urban areas. An electric-powered mode of commute over short distances within cities and towns can significantly lower pollution levels and cut lifecycle cost for the owners. With 200+ dealerships across 200+ cities and towns, Ampere is expanding its footprint across India with new product launches. With decent distance ranges under a single charge, these electric 2-wheelers are good for both short commutes and longer rides around a city or a town. To date, Ampere has sold more than 50,000 units of its e-scooters to individuals from several segments of society.

To make "Everyday mobility exciting", the Company puts customers at the centre of everything it does. With a decade of work in electric mobility, Ampere Electric Vehicles is on a mission to create the most thoughtful riding experience for daily life. The electric 2-wheelers from Ampere, with their sleek design and high performance, deliver the best experience to customers and contribute to a cleaner, greener India.

## AMPERE By GREAVES MAKE EVERYDAY MOBILITY EXCITING



### Diverse customers and segments

Ampere electric scooters are supporting all eco-conscious B2C and B2B customer groups with unique value proposition. High speed e-variants are good alternatives to traditional petrol scooters because of its build quality, speed, comfort and overall performance along with the environmental advantage. It has been preferred by both heavy and light weight riders. They have already become preferred choices for heavy duty applications such as ride share and e-commerce home delivery applications. Ampere has also partnered with major brands in India that require low-cost, clean mobility. In January 2020, it signed an agreement to provide Big Basket, India's largest online supermarket, with custom-fit electric scooters for its delivery fleet in key Indian metros. More such partnerships are in the pipeline to promote e-mobility.

The lower speed variants are suitable for school and school-going students, housewives, senior citizens who can drive these scooters without licence without compromising on speed and performance.

To expand the culture of electric transportation and share customer experiences, Ampere launched India's first ever Community for Owners of Electric Vehicles, named HOLA (Happy Owners League of Ampere Vehicles), and provided them exclusive access to new vehicle previews and community meets. This Ampere EV Fan Club, HOLA shows the enthusiasm of its environment conscious customers, who are also the smart decision makers and drivers of change for a better world. HOLA community has around 50,000 members as owners of stylish, trendy, reliable and energy-efficient e-scooters from Ampere.



**b) E-Rickshaw**

With India's commercial fleet of battery-operated 3-wheelers growing to 1.5 million in less than a decade, the Company has also joined the league. It has launched its range of electric rickshaw models to cater to the rising demand. These affordable commercial mobility solutions have revolutionised the commercial 3-wheeler segment in India. Further, it is proactively engaging with private and public stakeholders to bring more e-rickshaws out on the roads, aiding the cause of clean mobility in India. With its Ele range of environment-friendly e-rickshaws, the Company is creating opportunity for financial independence and self-employment for thousands of customers. Additionally, it is offering superior ownership upgrade to cycle rickshaw drivers offering them opportunities for better lifestyle and increased income. Further, it has made end-to-end transportation easy for the class of people in rural and semi urban areas, who are deprived of other modes of transport.

**Risk and Concerns**

- The current nascent stage of the EV ecosystem in India

**Outlook**

Greaves Cotton is projecting a positive outlook for its e-mobility segment, because of the growing consumer preference for environmentally sustainable vehicles and the Government's supporting incentives. While e-scooters are facilitating personal last-mile mobility, e-rickshaws are opening up employment opportunities and improving the shared last-mile mobility segment with an eco friendly option.

During COVID lockdown in April, Ampere Vehicle has announced an eco-friendly campaign 'Kal Ko Bachao' for its electric scooters focussing on better health, higher saving and better environment for cleaner and stronger future. This social wellness driven campaign is designed to help customers and corona warriors fulfil their core mobility requirement utilising Ampere e-scooters. The Company has enabled online pre-booking for e-scooters with easy EMIs available at the dealership stores. The customers can take the delivery of vehicle after lockdown.

With the outbreak of COVID-19 pandemic, protection of health and wealth has become a key priority for individuals as well as organisations. The zero emission benefit in an electric scooter significantly helps improving the air quality and reduces respiratory diseases. They can be a preferred choice for a nation already fighting with COVID-19 pandemic, as a whole. At this critical juncture of social distancing, higher usage of personal electric scooters can help customers move safe without queuing up at petrol stations. Also, electric scooters with drastically low noise levels offer quiet and comfortable drives in comparison to petrol scooters. Above all these, in the post COVID scenario, where personal mobility will gain traction, Ampere e-scooters with 90% savings on running and maintenance cost can make a significant impact on the socio economic structure.

As a responsible brand, pioneering the cause of clean last-mile mobility in India, Greaves Cotton is coming forward to help customers make affordable, smart and sustainable mobility choices for a better tomorrow. The Company is expanding its product range to cater to more customer segments, anticipating their requirements. Going forward, this segment is expected to be a significant revenue driver for the Company.

# GREAVES FINANCE



## Greaves Finance

### Business Overview

Greaves Cotton Group is committed to accelerate and support the country's transition into Electric Mobility segment. This vision has catalysed the need for diversification into financing business. The Company's aim was to make sure that financing does not remain a hurdle towards owning an e-scooter. Additionally, Greaves Cotton aimed at penetrating the small towns and rural hinterlands beyond the urban areas, where there is huge untapped demand for e-scooters. Leveraging on its financing business, Greaves also strategised the growth of its e-mobility segment.

Greaves Leasing Finance, or "Greaves Finance", is a wholly-owned subsidiary of Greaves Cotton and an RBI-registered non-banking financial company (NBFC), formed to facilitate vehicle financing to the Company's customers. The subsidiary commenced its active financing business in November 2019 by serving Ampere's electric 2-wheeler customers. It partnered with "WheelsEMI", an NBFC specialising in the 2-wheeler loans business, in order to drive Ampere sales. Greaves Finance is helping people embrace eco-friendly vehicles through easy credit accessibility, quick eligibility check, collateral-free loan, attractive interest rates, and personal assistance.

Greaves Finance has now expanded in Tier II cities and remote areas of Tamil Nadu, Karnataka, Maharashtra, NCR, Uttar Pradesh, West Bengal, and some parts of the North East (including Bihar). Credit is available for both low-speed and high-speed electric vehicles. The Company is poised for further expansion covering more cities & states of India in 2021.

### Risk and Concerns

- Electric 2-wheeler financing is still a nascent industry
- Financing demand for Ampere products is driven by first-time credit-seekers from Tier II geographies and beyond
- Ensuring timely availability of financing with requisite due diligence remains a challenge

Besides off-the-shelf risk mitigation solutions, the Company deploys proprietary and robust technology-led processes to enable customer fulfilment, covering loan origination, management and collection. Business was augmented through bulk channels such as e-commerce firms and logistics firms using electric mobility for last-mile connectivity.

### Outlook

Greaves Finance is designed to be a catalyst for speeding up the country's transition to clean mobility. In the long term, Greaves Finance proposes to be a full-fledged captive financing arm for customers of Greaves Cotton and its business segments such as e-rickshaws, automobile engines, gensets, and farm equipment.

## Greaves Global

Greaves Cotton has expanded its footprint overseas as Greaves International, offering a range of products from various business units. This business is expanding in fast-growing markets, including the Indian subcontinent, South-East Asia, Africa, Middle East, and Europe.

### Business Overview

FY 2019-20 has been a good year for the engine and aftermarket auto parts segments in the international business. The Company explored new markets for auto spare parts in the Philippines, Cambodia, and Mexico. It has developed a new auto spares business in Italy to compete with Europe's NASE (Non-Automotive Small Engines) segment. Business from the Middle East, Africa, and European Union has largely contributed to the growth of this segment. The Company has also been instrumental in sustaining business for multi-brand spares in the Middle East and SAARC regions.

In the electric mobility segment, the Company has expanded footprint across the nation and some parts of neighbouring countries. It aims to bring unique experience for e-mobility seekers in these growing markets.

The Company managed to penetrate further in the power generator business in SAARC countries, with new distributors appointed in Sri Lanka and Bangladesh. In traded construction, new alliances helped the Company register a business turnaround in SAARC, especially Nepal. The Company's auto OEM in Indonesia has been successful in launching 20 variants of the multi-utility vehicle, powered by Greaves engine and spare parts.

### Risk and Concerns

- Since the Company is exploring new geographies and products, this segment faces competition from established international players
- The coronavirus pandemic remains a threat for growth prospects in the export business

### Outlook

As India works on enhancing its competitive advantages in engineering exports, the Company is well placed to seize emerging opportunities. It expects its international business to grow into a key revenue stream.

## Creating an Impact with Products and Services

Sustainability is no longer a choice but an imperative for individuals and organisations. The real success of a company lies with the kind of impact it can have, on its stakeholders and the society in the long run. Greaves Cotton has been creating a positive impact in the industry with its products and services keeping in mind both customer satisfaction and social wellness aspect. The Company has been diversifying into multiple segments and products that are environmentally clean and create multiple application possibilities while making life easier for its customers. The huge pool of customers includes a range starting from big corporate and industrial players to marginal farmers to office-goers and commercial 3-wheeler drivers earning a living. Beyond that, the Company has created earning and employment opportunities for millions of stakeholders. Here is a quick look at how the Company's products are creating an overall impact:

### Automotive segment

With clean mobility solutions in the engine segment, it demonstrates its commitment to an environment-friendly economy and cost savings for customers. This is achieved through:

- Lowest carbon emission per person per kilometre of travel
- Lowest cost solution through class leading TCO

The Company is continually creating a strong impact on each socio-economic class with its product range:

- **Rural:** Diesel 3-wheeler engine (G599) offers the lowest per person per kilometre cost for mass transportation, lowering the cost of daily commute for a factory worker or a school girl.
- **Semi-urban:** Large CNG (400WG) engine offers the cleanest mobility solution for semi-urban areas.
- **Urban:** Small CNG (CREST) engine offers best-in-class fuel efficiency and best-in-class TCO for drivers / owners.
- **Urban:** Electric 2-wheelers and 3-wheelers (Ampere and Bestway) for the new urban crowd.

### Aftermarket segment

Aftermarket support remains another impactful instrument for the Company. With an all-India presence of 6,300 touchpoints and 10,000+ on-ground mechanics, the Company does the following:

- Ensures availability of parts for 2-wheelers and 3-wheelers everywhere
- Offers the Greaves trust of highest quality products
- Ensures lowest downtime for any unforeseen breakdown
- Offers highest vehicle utilisation

Greaves Care provides authorised services to its customers of 3-wheelers and small 4-wheelers commercial vehicles. With this, it has created a large impact by supplying reliable spare parts and creating employment for thousands of mechanics.

## INTERNAL CONTROLS FRAMEWORK

Greaves Cotton has a robust internal control system in place, commensurate with the size and industry in which it operates,

which safeguards its assets and ensures efficient productivity. The internal control systems and benchmarks conform to the globally accepted framework as issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control - Integrated Framework (2013). The Company ensures that the systems are periodically upgraded to keep pace with changing norms and ensures their effectiveness. The internal controls are designed to ensure that the following conditions are met with:

- Operations are effective and performed efficiently
- Assets are adequately safeguarded
- Frauds and errors are prevented and detected in time
- Accounting records are accurate and complete across all businesses
- Financial information is prepared on time and are reliable

In addition, standardised operating procedures, policies and guidelines, regular monitoring procedures and self-assessment exercises are also followed. All employees are required to adhere to the Code of Conduct in their regular work.

Employees are benefited by a well-defined whistle blower policy that ensures and encourages reporting of any misconduct, unethical behaviour or any behaviour with possibility of conflict of interest. Highest standards of integrity and transparency are adhered to, and further encouraged by a self-monitoring mechanism.

During the fiscal year, key controls were adequately tested and appropriate measures were initiated where deviation from normal was identified. The Internal Auditors and Corporate Assurance Department monitors and controls the effectiveness of the internal control systems. The implementation of the corrective actions and improvements in business processes are regularly followed up by the Corporate Assurance Dept. It is also committed in ensuring that the operations are carried out within the purview of applicable laws and statutory requirements.



## INFORMATION TECHNOLOGY

Information Technology (IT) has been a significant enabler for the Company's operations. In the year under review, the Company worked on developing its IT capabilities beyond day-to-day transactional IT applications, infrastructure, network, end-user computing, Internet, and collaboration tools. Greaves IT has transformed itself to become far more process-, solution-, and data-oriented.

Strategic focus areas include improving the overall customer experience, cost efficiency, revenue generation, and cyber-security. Products are connected with customers' devices using Internet of Things (IoT), so that customers are aware of the critical parameters of the products they use. This generates more service and spare parts revenue for the Company. Business analytics are used to enable data-based business decisions, and predictive analytics to improve cost efficiency. A state-of-the-art cyber-security system ensures product and data protection.

Overall, Greaves IT is going through a major transformation and working with business functions to help the value chain achieve its efficiency and growth objectives.

## SUSTAINABILITY DRIVES

Sustainability is neither a choice nor a luxury; it is a necessity to continue living on Earth without causing catastrophic over-exploitation of resources. Greaves Cotton follows a proactive approach to sustainability across its operations and product range, especially through its cleantech solutions. Some of the key sustainability activities taken up by the Company are:

### Solar rooftop panel

The solar rooftop panel installed at the Shendra plant is part of the conscious sustainability development plan by the Company. This plan aims to build energy efficiency, secure resource optimisation, and transition to renewable resources wherever possible.



### Water conservation

In addition to its existing rainwater harvesting project, the Company has introduced a rainwater conservation scheme. It includes collection of rainwater in two lakes, with a capacity 35 lakh litres and 14 lakh litres, constructed on the premises of the Aurangabad plant.



### Tree plantation

The Company has adopted a Japanese method of tree plantation that helps build dense, native forests within a short span. It has restored natural vegetation on degraded land at the Aurangabad site, using the Miyawaki method of tree plantation, which helps saplings grow 10 times faster and the forest becomes 30 times denser. A tree plantation drive was also carried out at the Ampere vehicles factory in Coimbatore.



## CORPORATE SOCIAL RESPONSIBILITY

The Company constantly works towards inclusive growth and betterment of society and the environment. Its multiple CSR projects make a positive impact on all its stakeholders.

### DEEP

Under DEEP (Development, Education, Empowerment, Progress), a skill-based training programme, the Company trains the underprivileged youth of India in technical knowledge related to manufacturing. Its efforts in this area have earned it the prestigious Asian CSR Award. Currently, the Company has 199 DEEP trainees enrolled for the programme.

### Prime Meet

Greaves Cotton organises Prime Meet, a re-skilling and training workshop for mechanics. It conducts one-day workshops at various places under the supervision of industry experts. Further, to encourage education, it has the Greaves Scholarship Programme (GSP), supporting students from financially disadvantaged families of auto-rickshaw/e-rickshaw drivers and/or farmers.

### Environment

The Company works for environment protection through various initiatives, including its support for the Cauvery Calling project.

## COVID-19 SUPPORT

The COVID-19 pandemic presents a huge challenge from the human and economic perspective, requiring collaborative action from various organisations to support the Government. At Greaves, we have taken multiple steps proactively to ensure continuity of business operations & followed safety protocols at all levels. Greaves Cotton has undertaken the following on-ground initiatives:

- Distributed masks to employees and their families in Aurangabad, Coimbatore, and Ranipet.
- Under "Support the Protectors" programme, provided masks to Karnataka Police personnel in Bengaluru city.
- Partnered with the NGO Child Rights and You (CRY) and undertook efforts to provide dry ration to children and families for a month across Mumbai and Delhi-NCR.
- Provided health protection kits, hand sanitisers, and medical kits to mechanics across key states through its "You Care, We Care" programme.
- Installed Greaves gensets in hospitals with quarantine facilities in Maharashtra, ensuring 24x7 power supply for healthcare professionals.
- Deployed 5 HP diesel engines to spray disinfectants through fire brigade vehicles in the Sangli district of Maharashtra.
- Supplied knapsack sprayers to help local bodies and institutions disinfect public places.

The Company is committed to organising its resources, expertise, and manpower to support all efforts to combat this global health crisis and restore normality.



## HUMAN RESOURCES

Hiring and retaining top talent through fairness, transparency, and respect is core to the Company's human resource development policy. The Company culture is to align employee aspirations with business goals for mutual benefit.

Under its Campus Recruitment Programme, 37 graduate engineer trainees and management trainees were brought on board from reputable engineering colleges and business schools. The CSR initiative DEEP plays a crucial role in HR initiatives, as the Company offers fit-for-purpose vocational training through this programme. In FY 2019-20, the Company hired 68 DEEP trainees. Some more HR-related initiative by the Company are:



Re-Skilling program



### Humans of Greaves

Employee engagement is a key focus area at Greaves Cotton. The initiatives continued even during the COVID-19 crisis. The Company acknowledges the value of human assets and celebrates them through "Humans of Greaves". This is a series of stories dedicated to all those individuals who have broken social, financial, physical, and emotional norms, defied stereotypes, challenged conventions and emerged winners because of their indomitable spirit and positive attitude. These individuals from diverse backgrounds inspire others. The series covers stories about life, about various moments and challenges, about commitment, and about camaraderie.

The Company culture is to align employee aspirations with business goals for mutual benefit.



**NXG**

Greaves Cotton started the fiscal year with the induction of fresh talent from multiple management institutes, forming part of the Greaves NXG programme (GETs/MTs Annual Induction programme). The group of new, young executives was given

intensive training by internal and external faculty members, followed by field visits. The orientation and induction of the NXGs involves 360-degree exposure, upgrading their skills and preparing them for future leadership roles.

## A WELL-DEFINED TRAINING PROGRAM FOR OUR FUTURE LEADERS



**GETs/MTs ANNUAL INDUCTION PROGRAM**

**GROW**

To keep employees motivated and productive during the COVID-19 lockdown period, Greaves Cotton initiated a live session, called GROW (Greaves Recommended Online Workshop). It offers exciting learning opportunities for employees from all age groups, and their families can also participate. The Company believes in the power of e-learning and embraces technology for learning continuity.

Other employee-led initiatives include monthly catch-up sessions with senior management, providing insights into the organisation's growth trajectory. Employees' service to the organisation was also celebrated and rewarded at multiple levels.

The payroll count of the Company's permanent employees was 1,521 as on March 31, 2020. FY 2019-20 witnessed a satisfactory year in terms of industrial relations of the Company with its employees and trade unions.



# Board's Report

To,  
The Members,

The Directors have pleasure in presenting their 101<sup>st</sup> Annual Report of Greaves Cotton Limited ('the Company') on the business and operations and the Audited Financial Statements for the Financial Year ended 31<sup>st</sup> March 2020.

## FINANCIAL HIGHLIGHTS

(₹ in Crore)

Particulars	Consolidated		Standalone	
	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019
Total Revenue	1931.12	2057.12	1840.95	2029.45
Profit Before Tax and Exceptional items	164.28	257.79	191.96	264.20
(Loss) / Gain on Exceptional Items	4.71	-17.87	4.71	-17.87
Profit Before Tax	168.99	239.92	196.67	246.33
Less: Provision for Tax	41.72	77.29	49.16	77.03
Profit for the year	127.27	162.63	147.51	169.30
Total Comprehensive Income for the year	128.47	164.02	148.95	170.68
Dividend paid and Tax on Dividend	0	161.92	0	161.92
Balance of the Profit carried forward	362.83	533.55	456.90	538.21

## REVIEW OF OPERATIONS

- The Company registered total revenue of ₹ 1840.95 crore during the year under review as against ₹ 2029.45 crore in the previous financial year.
- The profit after tax was ₹ 147.51 crore for the year under review as against ₹ 169.30 crore in the previous financial year.
- The profit after tax for the year under review includes an exceptional gain of ₹ 4.71 crore as against exceptional loss of ₹ 17.87 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 10.43% as against 13.02% in the previous financial year.

During the year under review, the Company has not revised its financial statement or the Report in respect of any of the three preceding financial years either voluntarily or pursuant to the order of a judicial authority.

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

## STATE OF AFFAIRS

The Company is one of the most diversified engineering companies in India with core competencies in diesel/petrol engines, farm equipment and generator sets. The Company has sustained its leadership through 5 manufacturing units which produce world class products backed by comprehensive spares and service through its 3500+ service outlets across India.

## SHARE CAPITAL

### Authorised Share Capital

During the year under review, Authorised Share Capital of the Company was reclassified from ₹ 75,00,00,000 (Rupees Seventy - Five Crores) divided in to 25,00,000 (Twenty-Five Lakhs) Redeemable Preference Shares of ₹ 100 each (Rupees One Hundred only) and 25,00,00,000 (Twenty-Five Crores) Equity Shares of ₹ 2 each (Rupees Two only) to ₹ 75,00,00,000 (Rupees Seventy-Five Crores) divided into 37,50,00,000 (Thirty-Seven Crores Fifty Lakhs) Equity Shares of ₹ 2 each (Rupees Two only).

### Issued, subscribed and paid-up share capital

During the year under review, the Company, on 15<sup>th</sup> November 2019, extinguished / physically destroyed its 1,30,00,000 fully paid-up equity shares of ₹ 2 each consequent to the Buy-back offer of the Company.

Consequently, the issued, subscribed and paid-up share capital of the Company as on 31<sup>st</sup> March 2020, was ₹ 46,24,13,590/- (Rupees Forty Six Crores Twenty Four Lakhs Thirteen Thousand Five Hundred and Ninety) divided into 23,12,06,795 (Twenty Three Crores Twelve Lakhs Six Thousand Seven Hundred and Ninety Five) equity shares of face value of ₹ 2 each.

## TRANSFER TO RESERVES

During the year under review, the Company has transferred ₹ 2.6 Crores in Capital Redemption Reserve upon buyback of shares in accordance with Section 69 of the Companies Act, 2013 ('Act').

## DIVIDEND

The Directors do not recommend any dividend for the Financial Year ended on 31<sup>st</sup> March 2020.

## DIVIDEND DISTRIBUTION POLICY

Securities and Exchange Board of India (SEBI), by its notification dated 8<sup>th</sup> July 2016, has amended the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), introducing new Regulation 43A mandating the top 500 listed entities, based on market capitalization calculated as on 31<sup>st</sup> 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 1**. The Policy is also available on the website of the Company under the “Investors” section at [http://www.greavescotton.com/php/media/brochure\\_files/dividend\\_distribution\\_policy.pdf](http://www.greavescotton.com/php/media/brochure_files/dividend_distribution_policy.pdf).

## PUBLIC DEPOSITS

During the year under review, the Company has neither accepted nor renewed any deposits from public falling under the ambit of Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

## REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year under review, the Company acquired the remaining entire stake of Ampere Vehicles Private Limited (“Ampere”) and thus Ampere became the wholly owned subsidiary of the Company effective from 5<sup>th</sup> December 2019.

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 ₹ 0.49 crore and loss of ₹ 0.32 crore during the year under review.

### Dee Greaves Limited (DGL)

DGL, a wholly owned subsidiary of GLFL, did not undertake any business during the year under review. It reported a total revenue of ₹ 0.01 crore and loss of ₹ 0.0026 crore during the year under review.

### Ampere Vehicles Private Limited (Ampere)

Ampere, a wholly owned subsidiary of the Company, has reported a total revenue of ₹ 90.07 crore and loss of ₹ 21.33 crore during the year under review.

A statement containing salient features of the Financial Statements in Form AOC-1, as required under Section 129 (3) of the Act forms a part of this Annual Report. The audited Financial Statements of all the subsidiaries 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 ensuing Annual General Meeting (‘AGM’).

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited financial statements in respect of subsidiaries, are available on the website of the Company at <http://www.greavescotton.com/investors>.

## CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company for FY 2019-20 are prepared in compliance with the applicable provisions of the Act, including Indian Accounting Standards specified under Section 133 of the Act. The audited Consolidated Financial Statements together with the Auditors’ Report thereon forms part of the Annual Report. The same is with unmodified opinion (unqualified).

## MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Regulation 34 read with Schedule V of the Listing Regulations, the Management Discussion and Analysis Report for the year under review, is presented in a separate section, forming part of the Annual Report.

## CORPORATE GOVERNANCE REPORT

A 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 Listing 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 for the financial year ended 31<sup>st</sup> March 2020 alongwith the Statutory Auditor’s certificate on compliance with the provisions of Corporate Governance under Listing Regulations, is forming part of this Annual Report.

## BUSINESS RESPONSIBILITY REPORT

A separate section on Business Responsibility Report, as required pursuant to Regulation 34(2)(f) of Listing 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 2019-20, as required under Schedule V of the Listing Regulations, forms a part of this Annual Report.

## ENVIRONMENT, HEALTH AND SAFETY

The Company's manufacturing units are governed by "Environment, Health and Safety Policy" and are certified as per ISO 14001 and ISO 45001 assessment standards. 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 has taken various steps to promote environment, health and safety measures across the Company, which, inter alia, includes:

1. Systems implementation to ensure zero compromise on safety through 'Work permit system' and ownership of adherence to the safety norms.
2. Regular safety drives coupled with effective trainings are conducted to help spread awareness among employees on how to maintain a safe work environment.
3. The Company places equal emphasis on safety processes, behavioural safety and strives to create safety positive culture towards achieving the ultimate goal of zero accidents.
4. Increased focus on training & awareness, safety observations and various audits like Internal Audit, SMAT audit, theme based safety inspection, safety patrolling, fire equipment audit & emergency equipment audit.
5. Identification of safety hazards, near misses and accident-prone areas through safety management audit.
6. Employees are also required to take a safety oath and are encouraged to actively participate in various competitions like poster, slogan, poem, essay competition during the national safety week celebration.
7. Annual health check-up of all the employees conducted to take care of their wellbeing.
8. Various health programs like blood donation camps, neuropathy, eye check-up, tetanus toxoid vaccination camp and sessions on stress management, brain stroke, etc.
9. World environment day and earth day are observed on annual basis.
10. Environmental measures like planting saplings is conducted across all the facilities.

### Exercising higher standards of excellence in Safety and Health Practice in Factory



It is an honour to be awarded for the measures we take at our plant in terms of Safety, Health & Welfare initiatives. We are delighted about our Aurangabad Plant winning the First Prize at the Industrial Safety & Health Awards 2019 by the Government of Maharashtra.

## HUMAN RESOURCES

Fit for purpose capability is pivotal to an organisation's growth and success. At Greaves Cotton, we continued our focus on attracting, retaining and developing the right talent to meet current and future business needs of the Company. The Company seeks to create an environment of fairness, transparency and mutual respect, wherein the aspirations of employees and goals of the enterprise are aligned to achieve mutual benefit on a continuous long-term basis.

The Company launched a structured Campus Recruitment Programme to bring in 37 Graduate Engineer Trainees and Management Trainees in line with our endeavour to attract and grow diverse young talent from reputed Engineering Colleges and Business Schools. We strengthened our efforts behind DEEP (Development, Education, Empowerment, Progress), a Community Partnership intervention to empower socio-economically underprivileged youth for independent livelihood by engaging them to acquire and apply fit for purpose vocational skills, thereby improving their employability for a better future. Our efforts in this area saw the Company receiving the prestigious Asian CSR Award.

In FY 2019-20, the Company hired 68 DEEP Trainees under this programme and currently has 199 DEEP Trainees enrolled for the same.

In FY 2019-20, the relations of the Company with all its employees and trade unions remained harmonious. The payroll count of Company's permanent employees was 1,521 on 31<sup>st</sup> March 2020.

### Disclosures pertaining to the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013

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.

## GREAVES COTTON - EMPLOYEES STOCK OPTION PLAN 2019

In order to ring fence and incentivize key talent, for driving long term objectives of the Company and ensuring that employee payoffs match the long gestation period of certain key initiatives whilst simultaneously fostering ownership behaviour and collaboration amongst employees, the Members of the Company through postal ballot dated 1<sup>st</sup> November 2019 have approved the Greaves Cotton - Employees Stock Option Plan 2019 ("the Scheme") for grant of 20,00,000 (Twenty lakhs) Employee Stock Options ('the Options') to the eligible employees of the Company and its subsidiary/ies.

The Scheme has been formulated in accordance with the provisions of the Act, as amended and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

The Greaves Cotton - Employees Stock Option Plan 2019 is being administered and monitored by the Nomination and Remuneration Committee ('NRC') of the Company in accordance with the SEBI Guidelines.

Appropriate disclosures prescribed under the said Regulations with regard to the Scheme are available on the website of the Company at [www.greavescotton.com](http://www.greavescotton.com).

## DIRECTORS

### Appointment of Executive Director

The Board of Directors of the Company on 5<sup>th</sup> November 2019, basis recommendation of the NRC appointed Mr. Mohanan Manikram as an Additional Director on the Board of the Company to hold office effective from 5<sup>th</sup> November 2019 upto the date of ensuing AGM.

In the said meeting the Board, basis recommendation of the NRC, appointed Mr. Mohanan Manikram as Executive Director with effect from 5<sup>th</sup> November 2019 for the period of three (3) years or his employment with the Company, whichever is earlier. Further, the NRC and Board of Directors of the Company have recommended the appointment of Mr. Mohanan Manikram as Executive Director of the Company, to the Members at the ensuing AGM.

### Re-appointment of Managing Director

During the year under review, basis on recommendation of NRC and Board of Directors, the members of the Company has approved re-appointment of Mr. Nagesh Basavanhalli as Managing Director & CEO of the Company for a period of five (5) years effective from 27<sup>th</sup> September 2019 up to 26<sup>th</sup> September 2024 by way of postal ballot.

### Appointment and re-appointment of Independent Directors

During the year under review, the members of the Company in their 100<sup>th</sup> AGM has appointed Mr. Vikram Tandon as an Independent Directors of the Company to hold the office for a second term for a period of five (5) years with effect from 18<sup>th</sup> November 2018. In the same meeting, the members has also appointed Mr. Arvind Kumar Singhal as an Independent Director of the Company to hold the office for a second term for a period of five (5) years with effect from 1<sup>st</sup> April 2019.

The tenure of appointment of Ms. Sree Patel as an Independent Woman Director has expired on 13<sup>th</sup> February 2020. Pursuant to the provisions of Section 149 and 152 of the Act, the recommendation of the NRC and the report of performance evaluation, the Board recommends re-appointment of Ms. Sree Patel as an Independent Woman Director for a second term of five (5) years with effect from 14<sup>th</sup> February 2020.

The tenure of appointment of Mr. Vinay Sanghi as an Independent Director will conclude on 3<sup>rd</sup> August 2020. Pursuant to the provisions of Section 149 and 152 of the Act and the report of performance evaluation, the Board recommends re-appointment of Mr. Vinay Sanghi as an Independent Director for a second term of two (2) years with effect from 4<sup>th</sup> August 2020.

After the end of Financial Year 2019-20, the Board of Directors of the Company through circular resolution approved on 30<sup>th</sup> May 2020 has appointed Mr. Subbu Venkata Rama Behara as an Additional Director of the Company with effective from 28<sup>th</sup> May 2020 to hold office upto the date of ensuing AGM.

Further, through circular resolution approved on 30<sup>th</sup> May 2020, the Board recommended the appointment of Mr. Subbu Venkata Rama Behara as an Independent Director of the Company for a period of five (5) years with effect from 28<sup>th</sup> May 2020, to the members of the Company.

### Re-appointment of Director liable to retire by rotation

Mr. Karan Thapar retires by rotation at the ensuing AGM, and being eligible, offers himself for re-appointment.

Profiles of Directors to be appointed/re-appointed at the ensuing AGM, as required by Regulation 36 (3) of the Listing Regulations and Secretarial Standard - 2 on General Meetings, are given in the notice of the ensuing AGM.

The above appointments and re-appointments form a part of the notice of the ensuing AGM and the resolutions are recommended for members' approval.

### Cessation of Directors

During the year under review, Mr. Vijay Rai and Mr. Navneet Singh, ceased to be Directors of the Company with effect from 8<sup>th</sup> August 2019 on expiry of their respective terms.

Mr. Vikram Tandon, Independent Director resigned from the Board of the Company with effect from 27<sup>th</sup> April 2020 due to his other work constraints. He has confirmed that there were no other material reasons for his resignation other than the one stated above.

The Board places on record their appreciation of the valuable contribution made by Mr. Vijay Rai, Mr. Navneet Singh and Mr. Vikram Tandon during their tenure as Directors of the Company.

## KEY MANAGERIAL PERSONNEL

Ms. Neetu Kashiramka has ceased to be Chief Financial Officer of the Company with effect from 6<sup>th</sup> April 2020. Further Mr. Amit Mittal has been appointed as Chief Financial Officer of the Company with effect from 27<sup>th</sup> April 2020.

As on the date of this report, the Company had the following Key Managerial Personnel (“KMP”) as per section 2(51) of the Act:

Sr. No.	Name of the KMP	Designation
1	Mr. Nagesh Basavanhalli	Managing Director & CEO
2	Mr. Amit Mittal	Chief Financial Officer
3	Mr. Atindra Basu	Head - Legal, Internal Audit & Company Secretary

## STATEMENT ON DECLARATION GIVEN BY THE INDEPENDENT DIRECTORS

The Company's Independent Directors have submitted requisite declarations confirming that they continue to meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. The Independent Directors have also confirmed that they have complied with Schedule IV of the Act and the Company's Code of Conduct.

The Ministry of Corporate Affairs (“MCA”) vide Notification Number G.S.R. 804(E) dated 22<sup>nd</sup> October 2019 and effective from 1<sup>st</sup> December 2019 has introduced the provision relating to inclusion of names of Independent Directors in the Data Bank maintained by Indian Institute of Corporate Affairs (IICA). All Independent Directors of the Company are registered with IICA.

In the opinion of the Board, the Independent Directors hold highest standard of integrity and possess the requisite qualifications, experience, expertise and proficiency.

## DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Act, 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 annual 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 31<sup>st</sup> March 2020 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 Act 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 NRC 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 (3) of the Act. The Remuneration Policy is given in **Annexure 2** to this Directors' Report. The criteria include, 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. The criteria for making payments to Non-Executive Directors is disclosed in the Corporate Governance Report which forms a part of this Annual Report.

During the year under review, the Managing Director and Whole-time Director of the Company confirms that they did not receive any remuneration or commission from any subsidiary of the Company as required under Section 197 (14) of the Act.

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

The information as required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is given as **Annexure 3** to this Directors Report. In terms of Section 136 (1) read with relevant proviso to Rule 5 of the Act, 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 ensuing AGM. If any Member is interested in obtaining a copy thereof, such Member may write an e-mail to [investorservices@greavescotton.com](mailto:investorservices@greavescotton.com).

## 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 [http://www.greavescotton.com/php/media/brochure\\_files/Familiarisation%20Programmes%20for%20Directors%202019-20.pdf](http://www.greavescotton.com/php/media/brochure_files/Familiarisation%20Programmes%20for%20Directors%202019-20.pdf).

## 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 was prepared by NRC. 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).

During the FY 2019-20, the Independent Directors met once without the presence of the management and Non-Executive Directors. The Independent Directors inter alia discussed matters arising out of Board and Board Committee agendas, company performance and other board-related matters, and to review the performance of Independent Directors, the Chairman and the Board as a whole and assess the effectiveness and promptness of the information flow inter se the Board and the management. The Chairman of the meeting briefed the Board on the proceedings of the Meeting.

## LOANS, GUARANTEES AND INVESTMENTS

Particulars of loans, guarantees and investments as on the 31<sup>st</sup> March 2020 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 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. 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 Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, is given in **Annexure 4** to this Directors' Report.

The policy on dealing with related party transactions is available on the Company's website at [http://www.greavescotton.com/php/media/brochure\\_files/Related%20Party%20Transaction%20Policy.pdf](http://www.greavescotton.com/php/media/brochure_files/Related%20Party%20Transaction%20Policy.pdf).

## 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.

The Company has complied with secretarial standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

## EXTRACT OF ANNUAL RETURN

As required under Section 134 (3) (a) read with section 92(3) of the Act, an extract of Annual Return in the prescribed Form MGT-9 is placed on Company's website [www.greavescotton.com](http://www.greavescotton.com) and is given in **Annexure 5** 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 6** to this Directors' Report.

## RISK MANAGEMENT POLICY

The Company has a Risk Management 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 Management 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 Report which forms a part of this Annual Report.

## CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provisions of Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has adopted a Corporate Social Responsibility (CSR) Policy, as recommended by the CSR Committee covering the objectives, initiatives, outlay, implementation, monitoring, etc. The CSR Policy is displayed on the Company's website [http://www.greavescotton.com/php/media/brochure\\_files/CSR-Policy05-06-2020.pdf](http://www.greavescotton.com/php/media/brochure_files/CSR-Policy05-06-2020.pdf).

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 Chairperson of the CSR Committee, is given in **Annexure 7** to this Directors' Report.

The Company is working for the betterment of society and environment. Under CSR, projects are selected in such a way that it directly makes a positive impact. Our projects are socially responsible, diverse and focusing on inclusion of all our stakeholders. India is a land of almost 33.4 % young population of the world. Under DEEP – A skill training Programme of Greaves, where we are focusing on making the youth of India (coming from under privileged families) to turn into pioneers of technical knowledge in manufacturing.

Prime Meet- a reskilling and training workshop for mechanics in which Greaves conducts one-day workshops in different parts of the country under the supervision of industry experts.

According to UNICEF, 1 out of 5 children in school-going age are out of school because they can't afford education. Under Greaves Scholarship Programme (GSP), we support students who belongs to the families of auto rickshaw/ e-rickshaw drivers/farmers who needs financial assistance to complete their education.

Humans have always taken from the mother earth, as of today's scenario it is the time when we start living sustainably for our future generations and for this planet. Supporting Cauvery Calling project is one such approach in the same direction taken up by the Company.

In these uncertain times, we have been carefully choosing projects which enable us to become "Socially Responsible".

Amid the Crisis of COVID-19, we are supporting people who are fighting on the front with the pandemic. 6400 masks were distributed as token of gratitude to the Karnataka Police. 4100 masks were distributed to the families affected in the region of Coimbatore, Ranipet & Aurangabad.

Dry ration and hygienic kits were distributed in the worst affected areas of Delhi-NCR and Mumbai to the daily wage workers who are unable to earn due to lockdown.

Greaves proceeded to create a direct and maximum impact on stakeholders and help the society in 360 ° angle approach.

## 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 Chairperson 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. The Whistle Blower Policy is available on the website of the Company at [http://www.greavescotton.com/php/media/brochure\\_files/Whistle%20Blower%20Policy.pdf](http://www.greavescotton.com/php/media/brochure_files/Whistle%20Blower%20Policy.pdf).

## INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

To safeguard its assets and ensure efficient productivity at all levels, the Company has robust internal control systems in place, commensurate with the size and industry in which it operates. The internal control systems and benchmarks conform to the globally accepted framework as issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control - Integrated Framework (2013). The Company ensures that the systems are periodically upgraded to keep pace with changing norms and ensures their effectiveness.

The internal controls are designed to ensure that the following conditions are met with:

- Operations are effective and performed efficiently
- Assets are adequately safeguarded
- Frauds and errors are prevented and detected in time
- Accounting records are accurate and complete across all businesses
- Financial information is prepared on time and are reliable

In addition, standardised operating procedures, policies and guidelines, regular monitoring procedures and self-assessment exercises are also followed. All employees are required to adhere to the Code of Conduct in their regular work.

Employees are benefited by a well-defined whistle blower policy that ensures and encourages reporting of any misconduct, unethical behaviour or any behaviour with possibility of conflict of interest. Highest standards of integrity and transparency are adhered to, and further encouraged by a self-monitoring mechanism.

During the fiscal year, key controls were adequately tested and appropriate measures were initiated where deviation from normal was identified. The Internal Auditors and Corporate Assurance Department monitors and controls the effectiveness of the internal control systems. The implementation of the corrective actions and improvements in business processes are regularly followed up by the Corporate Assurance Dept. It is also committed in ensuring that the operations are carried out within the purview of applicable laws and statutory requirements.



## STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, were appointed as the Statutory Auditors of the Company at the 96<sup>th</sup> AGM held on 6<sup>th</sup> August 2015 to hold office from the conclusion of the 96<sup>th</sup> AGM till the conclusion of the 101<sup>st</sup> AGM of the Company.

Accordingly, pursuant to the recommendation of the Audit Committee, the Board of Directors of the Company at its meeting held on 5<sup>th</sup> June 2020 recommended the re-appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (FRN.: 117366W / W-100018) as Statutory Auditor of the Company for a period of five (5) consecutive years i.e. from the conclusion of 101<sup>st</sup> AGM of the Company till the conclusion of the 106<sup>th</sup> AGM of the Company subject to the approval of shareholders of the Company at the ensuing AGM.

In this regard, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (FRN.: 117366W / W-100018) have submitted their written consent that they are eligible and qualified to be appointed as Statutory Auditors of the Company in terms of Section 139 of the Act and also satisfy the criteria provided in Section 141 of the Act.

## STATUTORY AUDITORS' REPORTS

Reports issued by the Statutory Auditors on the Standalone and Consolidated Financial Statements for the financial year ended 31<sup>st</sup> March 2020 are with unmodified opinion (unqualified).

## DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS

The Statutory Auditor of the Company has not reported any instances of fraud as specified under the second proviso to Section 143(12) of the Act.

## MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

The Company has repositioned itself in the market with its new initiatives and businesses. The 160-year-old player, known primarily for its diesel engines for three-wheelers, has been successful in implementing a well-carved out strategy, which has paved the way for not only transforming this traditional company into an agile and robust entity to face the rapidly-changing market place more effectively, but also propel it into new growth trajectory, with a diversified offering.

The Covid-19 crisis has caused a slowdown to the whole industry, and we are not immune to it. The pandemic has directly affected both the demand and supply side, which has created a severe impact for the overall economy. There is no denying that this situation will have a negative impact on liquidity and would likely to put downward pressure on the Indian automotive sector as a whole. Since the market will take its course of time to evolve from the setback, we have re-evaluated and accelerated certain plans to bounce back.

Our business practices and strong enterprise risk management framework (ERM) has helped in dealing with such an unprecedented crisis. Our approach has been to respond and not react to critical situations. In these testing times, focussing on business continuity plans, adopting “new ways of doing business” and to the “new normal” have been our priority along with nurturing relationship with our stakeholders by supporting them. The challenges posed by COVID-19 led to closing our plant operations as per Government of India’s directives and thus impacting production. We utilised this opportunity to prepare ourselves to respond to the post COVID-19 reality by focussing on readiness to jumpstart operations by implementing social distancing at factories with cautious optimism. Now, the Company has partially resumed its manufacturing at its various facilities and is looking to step up the operations going forward as the restrictions ease. The Company has prepared a well-chalked out plan to deal with this crisis situation and is putting in place a comprehensive action plan across its various functions in order to face the challenges. The demand for entire auto industry is sluggish but with our strong presence in semi-urban and rural markets, we expect demand to improve. We are also seeing pent up demand in other sectors like Gensets, Engines and Farm equipment.

The Company has been able to buck the market slowdown through investments in new businesses and it has helped us in facing vagaries in market demand more effectively.

## SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company engaged the services of M/s. Pradeep Purwar & Associates, Company Secretary in Practice, Thane to conduct the Secretarial Audit of the Company for the financial year ended 31<sup>st</sup> March 2020.

The Secretarial Audit Report (Form MR - 3) is attached as **Annexure 8** to this Directors’ Report. The said report is unqualified.

## ANNUAL SECRETARIAL COMPLIANCE REPORT

The Company has undertaken an audit for the Financial year 2019-20 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder. The Annual Secretarial Compliance Report duly signed by the Practising Company Secretary is available on the website of the Company at [www.greavescotton.com](http://www.greavescotton.com).

## MAINTENANCE OF COST RECORDS

Pursuant to the provisions of Section 148 (1) of the Act read with clause (ix) of Rule 8(5) of the Companies (Accounts) Rules, 2014, adequate Cost accounts and records are made and maintained by the Company as specified by the Central Government.

## **COST AUDITORS**

Pursuant to the provisions of Section 148 (3) of the Act, the Board has appointed M/s. Dhananjay V. Joshi & Associates, Cost Accountants (Firm Registration Number: 000030), as the Cost Auditors of the Company to conduct an audit of the cost records maintained by the Company for the financial year ending 31<sup>st</sup> March 2021, at a remuneration as mentioned in the notice convening the AGM.

As required under the Act read with the Companies (Cost Records and Audit) Rules, 2014, the remuneration payable to the Cost Auditors must be placed before the members at a general meeting for ratification. Hence, a resolution for the same forms part of the notice of the ensuing AGM.

## **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 and there are no shares held in trust for the benefit of the employees of the Company.

## **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  
5<sup>th</sup> June 2020

**Karan Thapar**  
Chairman  
DIN: 00004264

# Annexure 1

## 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 14<sup>th</sup> 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

**Karan Thapar**

Chairman

DIN: 00004264

Mumbai  
5<sup>th</sup> June 2020

# Annexure 2

## 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 1<sup>st</sup> 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:

- Fixed Pay:** It is based on role and responsibilities, function/business, grade and level in the organization.
- 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

- Fixed Pay:** Increments will be given each year effective 1<sup>st</sup> April based on the performance of the employee against agreed Objectives/Key Result Areas (KRAs). It is not based on years of experience and education alone, but on merit and market standards. Quantum of increment will be based on capacity of the Company to pay.
- 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.
- Long Term Incentive Program:** This is applicable to the Managing Director and his direct reports and critical role holders (M1 and M2) only.

- Benefits:** Apart from remuneration, the following benefits are provided to retain the employees:

- Holiday homes (Club Mahindra)
- Mediclaime 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 a guided distribution or performance curve across 5 point raising scales 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
Above, Exceeds Expectations (4,5)	30%
Meets Expectations (3)	55%
Approves, Below Expectations (1,2)	15%

### 6. GOVERNANCE OF THE REMUNERATION POLICY

- 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.
- 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  
5<sup>th</sup> June 2020

**Karan Thapar**  
Chairman  
DIN: 00004264

## Annexure 3

### Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- I. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2019-20:

Name	Designation	Ratio to Median Remuneration	% Increase / decrease in Remuneration in FY 19-20
Mr. Karan Thapar	Chairman	10.32:1	-55.35
Mr. Nagesh Basavanhalli	Managing Director & CEO	105.02:1	26.34
Mr. Mohanan Manikram*	Executive Director	7.54:1	--
Mr. Vijay Rai**	Non-Executive, Non-Independent Director	0.71:1	--
Mr. Vikram Tandon***	Independent Director	2.95:1	3.86
Mr. Navneet Singh**	Independent Director	0.89:1	-
Mr. Arvind Kumar Singhal	Independent Director	2.42:1	-12.15
Mr. Kewal Handa	Independent Director	3.14:1	1.42
Ms. Sree Patel	Independent Director	2.57:1	-1.19
Mr. Vinay Sanghi	Independent Director	2.25:1	-7.95
Ms. Neetu Kashiramka****	Chief Financial Officer	26.59:1	6.80
Mr. Atindra Basu	Company Secretary	18.69:1	8.42

\*appointed with effect from 5<sup>th</sup> November 2019

\*\*ceased with effect from 8<sup>th</sup> August 2019

\*\*\*resigned with effect from 27<sup>th</sup> April 2020

\*\*\*\*resigned with effect from 6<sup>th</sup> April 2020

- II. The percentage increase in the median remuneration of employees in the financial year: 3.03 %
- III. The number of permanent employees on the rolls of the Company as on 31<sup>st</sup> March 2020: 1521
- IV. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: 0%
- V. Affirmation that the remuneration is as per the remuneration policy of the Company: Yes it is confirmed
- VI. Median Remuneration of all the employees of the Company: ₹ 6.12 Lakh

# Annexure 4

## 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 31<sup>st</sup> March 2020, 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 31<sup>st</sup> March 2020.

For and on behalf of the Board

Mumbai  
5<sup>th</sup> June 2020

**Karan Thapar**  
Chairman  
DIN: 00004264

# Annexure 5

Extract of Annual Return as on 31<sup>st</sup> March 2020 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 No. MGT-9**

(as on the financial year ended 31<sup>st</sup> March 2020)

## I. Registration and Other Details:

Sr. No.	Particulars	Details
1	Corporate Identity Number	L99999MH1922PLC000987
2	Registration Date	29 <sup>th</sup> 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	Unit No. 701, 7 <sup>th</sup> Floor, Tower 3, Equinox Business Park, LBS Marg, Kurla West, Mumbai- 400070 Tel : +91 22 62211700 Fax: +91 22 62217499 Email: <a href="mailto:investorservices@greavescotton.com">investorservices@greavescotton.com</a> Website: <a href="http://www.greavescotton.com">www.greavescotton.com</a>
7	Whether listed company	Yes
8	Name, Address and Contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) Karvy Selenium Tower B, Plot 31-32 Gachibowli, Financial District Nanakramguda, Hyderabad – 500 032 Phone: +91 40 6716 2222 Fax No:+91 40 2342 0814 Email: <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a> Website: <a href="http://www.kfintech.com">www.kfintech.com</a>

## 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	92%

## 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 Unit No. 701, 7 <sup>th</sup> Floor, Tower 3, Equinox Business Park, LBS Marg, Kurla West, Mumbai- 400070	U29299MH1958PLC011250	Subsidiary Company	100%	2(87)
2.	Ampere Vehicles Private Limited 150/1B, Nanthavana Thottam Kannampalayam Road, Ranganathapuram Coimbatore- 641402	U51900TZ2008PTC017628	Subsidiary Company	100%	2(87)
3.	Dee Greaves Limited Unit No. 701, 7 <sup>th</sup> Floor, Tower 3, Equinox Business Park, LBS Marg, Kurla West, Mumbai- 400070	U28920MH1960PLC011788	Step-down Subsidiary Company	100%	2(87)

## IV. Share Holding Pattern

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

### (A) Category wise shareholding

Cat- egory Code	Category of Shareholder	No. of shares held at the beginning of the year				No. 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	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>									
<b>(1)</b>	<b>INDIAN</b>									
(a)	Individual /HUF	-	-	-	-	-	-	-	-	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	12,67,31,715	-	12,67,31,715	51.90	12,67,49,177	-	12,67,49,177	54.82	2.93
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-Total A(1) :</b>	<b>12,67,31,715</b>	<b>-</b>	<b>12,67,31,715</b>	<b>51.90</b>	<b>12,67,49,177</b>	<b>-</b>	<b>12,67,49,177</b>	<b>54.82</b>	<b>2.93</b>
<b>(2)</b>	<b>FOREIGN</b>									
(a)	NRIs- Individuals	-	-	-	-	-	-	-	-	-
(b)	Others- Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-Total A(2) :</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total A=A(1)+A(2)</b>	<b>12,67,31,715</b>	<b>-</b>	<b>12,67,31,715</b>	<b>51.90</b>	<b>12,67,49,177</b>	<b>-</b>	<b>12,67,49,177</b>	<b>54.82</b>	<b>2.93</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>									
<b>(1)</b>	<b>INSTITUTIONS</b>									
(a)	Mutual Funds /UTI	1,65,73,513	-	1,65,73,513	6.79	1,24,62,726	-	1,24,62,726	5.39	-1.40
(b)	Financial Institutions / Banks	2,10,876	21,995	2,32,871	0.10	62,816	21,350	84,166	0.04	-0.06
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	2,13,45,987	10,525	2,13,56,512	8.75	1,84,81,296	10,525	1,84,91,821	8.00	-0.75
(f)	Foreign Institutional Investors	3,42,39,738	-	3,42,39,738	14.02	3,61,62,766	-	3,61,62,766	15.64	1.62
(g)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-Total B(1) :</b>	<b>7,23,70,114</b>	<b>32,520</b>	<b>7,24,02,634</b>	<b>29.65</b>	<b>6,71,69,604</b>	<b>31,875</b>	<b>6,72,01,479</b>	<b>29.07</b>	<b>-0.58</b>
<b>(2)</b>	<b>NON-INSTITUTIONS</b>									
(a)	Bodies Corporate Indian	43,13,559	26,280	43,39,839	1.78	21,95,215	26,035	22,21,250	0.96	-0.82
	Bodies Corporate Overseas	-	7,75,000	7,75,000	0.32	-	7,75,000	7,75,000	0.34	0.02
(b)	Individuals									
(i)	Individuals holding nominal share capital upto ₹1 lakh	3,13,80,928	17,91,715	3,31,72,643	13.58	2,58,57,427	16,10,870	2,74,68,297	11.88	-1.70
(ii)	Individuals holding nominal share capital in excess of ₹1 lakh	36,99,910	-	36,99,910	1.52	24,72,634	-	24,72,634	1.07	-0.45



Category Code	Category of Shareholder	No. of shares held at the beginning of the year				No. 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	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(c)	Others									-
	Clearing Members	1,50,727	-	1,50,727	0.06	2,22,577	-	2,22,577	0.10	0.04
	I E P F	10,32,757	-	10,32,757	0.42	10,65,392	-	10,65,392	0.46	0.04
	Non Resident Indians	18,24,887	26,140	18,51,027	0.76	13,87,001	26,140	14,13,141	0.61	-0.15
	Qualified Institutional Buyer	-	-	-	-	15,90,000	-	15,90,000	0.69	0.69
	Trusts	50,443	100	50,543	0.02	27,748	100	27,848	0.01	-0.01
	<b>Sub-Total B(2) :</b>	<b>4,24,53,211</b>	<b>26,19,235</b>	<b>4,50,72,446</b>	<b>18.46</b>	<b>3,48,17,994</b>	<b>24,38,145</b>	<b>3,72,56,139</b>	<b>16.11</b>	<b>-2.34</b>
	<b>Total B=B(1)+B(2) :</b>	<b>11,48,23,325</b>	<b>26,51,755</b>	<b>11,74,75,080</b>	<b>48.10</b>	<b>10,19,87,598</b>	<b>24,70,020</b>	<b>10,44,57,618</b>	<b>45.18</b>	<b>-2.93</b>
	<b>Total (A+B) :</b>	<b>24,15,55,040</b>	<b>26,51,755</b>	<b>24,42,06,795</b>	<b>100.00</b>	<b>22,87,36,775</b>	<b>24,70,020</b>	<b>23,12,06,795</b>	<b>100.00</b>	<b>-</b>
(C)	<b>SHARES HELD BY CUSTODIANS FOR GDR'S AND ADR'S</b>	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A+B+C) :</b>	<b>24,15,55,040</b>	<b>26,51,755</b>	<b>24,42,06,795</b>	<b>100.00</b>	<b>22,87,36,775</b>	<b>24,70,020</b>	<b>23,12,06,795</b>	<b>100.00</b>	<b>-</b>

**B. Shareholding of Promoters**

Sr. No.	Shareholders' Name	Shareholding as on 1 <sup>st</sup> April 2019			Shareholding as on 31 <sup>st</sup> March 2020			% 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.	9,87,46,790	40.44	-	9,87,64,252	42.72	-	2.28
2	Karun Carpets Pvt. Ltd.	1,42,09,060	5.82	-	1,42,09,060	6.14	-	0.32
3	Bharat Starch Products Pvt. Ltd.	1,37,75,865	5.64	-	1,37,75,865	5.96	-	0.32
		<b>12,67,31,715</b>	<b>51.90</b>	<b>-</b>	<b>12,67,49,177</b>	<b>54.82</b>	<b>-</b>	<b>2.92</b>

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

Sr. No.	Shareholders' Name	Shareholding		Date of transaction	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		Number of Shares at the beginning (01.04.2019)/ end of the year 31.03.2020	% of total Shares of the Company				Number of Shares	% of total Shares of the Company
1	DBH International Pvt. Ltd.	9,87,46,790	40.44	01.04.2019	-	-	9,87,46,790	40.44
				27.03.2020	17,462	bought	9,87,64,252	42.72
		9,87,64,252	42.72	31.03.2020	-	-	9,87,64,252	42.72
2	Karun Carpets Pvt. Ltd.	1,42,09,060	5.82	01.04.2019	-	No change	1,42,09,060	5.82
		1,42,09,060	6.14	31.03.2020	-	No change	1,42,09,060	6.14
3	Bharat Starch Products Pvt. Ltd.	1,37,75,865	5.64	01.04.2019	-	No change	1,37,75,865	5.64
		1,37,75,865	5.96	31.03.2020	-	No change	1,37,75,865	5.96

**(D) Shareholding Pattern of Top 10 Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sr. No.	Name of the Share Holder	Shareholding		Date of Transaction	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year (01.04.2019 to 31.03.2020)	
		No of Shares at the beginning (01.04.2019)/ end of the year (31.03.2020)	% of total shares of the Company				No of Shares	% of total shares of the Company
1	Smallcap World Fund, Inc	1,62,00,000	6.63	01.04.2019	-	-	1,62,00,000	6.63
		1,62,00,000	7.01	31.03.2020	-	-	1,62,00,000	7.01
2	The New India Assurance Company Limited	69,43,769	2.84	01.04.2019	-	-	69,43,769	2.84
				26.04.2019	-3,23,019	sold	66,20,750	2.71
				03.05.2019	-1,31,240	sold	64,89,510	2.66
				15.11.2019	-5,59,323	sold	59,30,187	2.56
				22.11.2019	3,38,689	bought	62,68,876	2.71
				29.11.2019	2,11,311	bought	64,80,187	2.80
		64,80,187	2.80	31.03.2020	-	-	64,80,187	2.80
3	Massachusetts Institute of Technology	16,62,505	0.68	01.04.2019	-	-	16,62,505	0.68
				05.04.2019	88,500	bought	17,51,005	0.72
				12.04.2019	62,527	bought	18,13,532	0.74
				19.04.2019	12,118	bought	18,25,650	0.75
				26.04.2019	1,59,820	bought	19,85,470	0.81
				03.05.2019	53,045	bought	20,38,515	0.83
				10.05.2019	1,05,305	bought	21,43,820	0.88
				17.05.2019	1,644	bought	21,45,464	0.88
				24.05.2019	59,476	bought	22,04,940	0.90
				31.05.2019	1,20,100	bought	23,25,040	0.95
				07.06.2019	59,152	bought	23,84,192	0.98
				14.06.2019	2,89,043	bought	26,73,235	1.09
				21.06.2019	64,759	bought	27,37,994	1.12
				28.06.2019	2,62,006	bought	30,00,000	1.23
				30.08.2019	60,000	bought	30,60,000	1.25
				13.09.2019	40,000	bought	31,00,000	1.27
				18.10.2019	1,00,000	bought	32,00,000	1.31
				25.10.2019	2,65,369	bought	34,65,369	1.42
				01.11.2019	73,731	bought	35,39,100	1.45
				08.11.2019	4,00,000	bought	39,39,100	1.61
		15.11.2019	-8,55,076	sold	30,84,024	1.33		
		29.11.2019	8,50,000	bought	39,34,024	1.70		
		20.12.2019	50,000	bought	39,84,024	1.72		
		27.12.2019	3,14,976	bought	42,99,000	1.86		
		31.12.2019	88,000	bought	43,87,000	1.90		
		03.01.2020	52,000	bought	44,39,000	1.92		
		10.01.2020	4,15,000	bought	48,54,000	2.10		
		17.01.2020	6,77,000	bought	55,31,000	2.39		
		24.01.2020	2,84,000	bought	58,15,000	2.52		
		31.01.2020	66,000	bought	58,81,000	2.54		
		58,81,000	2.54	31.03.2020	-	-	58,81,000	2.54
4	Life Insurance Corporation of India	59,34,813	2.43	01.04.2019	-	-	59,34,813	2.43
				15.11.2019	-2,87,353	sold	56,47,460	2.44
		56,47,460	2.44	31.03.2020	-	-	56,47,460	2.44

Sr. No.	Name of the Share Holder	Shareholding		Date of Transaction	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year (01.04.2019 to 31.03.2020)	
		No of Shares at the beginning (01.04.2019)/ end of the year (31.03.2020)	% of total shares of the Company				No of Shares	% of total shares of the Company
5	General Insurance Corporation of India	58,00,000	2.38	01.04.2019	-	-	58,00,000	2.38
				24.05.2019	-2,00,000	sold	56,00,000	2.29
				21.06.2019	-1,00,000	sold	55,00,000	2.25
				28.06.2019	-3,50,789	sold	51,49,211	2.11
				05.07.2019	-1,49,211	sold	50,00,000	2.05
				15.11.2019	-3,06,219	sold	46,93,781	2.03
		46,93,781	2.03	31.03.2020	-	-	46,93,781	2.03
6	American Funds Insurance Series Global Small Capitalization Fund	42,44,540	1.74	01.04.2019	-	-	42,44,540	1.74
		42,44,540	1.84	31.03.2020	-	-	42,44,540	1.84
7	Vantage Equity Fund	38,99,751	1.60	01.04.2019	-	-	38,99,751	1.60
				15.11.2019	-11,11,528	sold	27,88,223	1.21
				29.11.2019	5,61,777	bought	33,50,000	1.45
				13.03.2020	-23,280	sold	33,26,720	1.44
				20.03.2020	-65,570	sold	32,61,150	1.41
				31.03.2020	-11,250	sold	32,49,900	1.41
		32,49,900	1.41	31.03.2020	-	-	32,49,900	1.41
8	L&T Mutual Fund Trustee Limited-L&T Emerging Businesses Fund	33,84,459	1.39	01.04.2019	-	-	33,84,459	1.39
				05.07.2019	2,00,000	bought	35,84,459	1.47
				15.11.2019	-10,21,662	sold	25,62,797	1.11
				07.02.2020	-36,802	sold	25,25,995	1.09
		25,25,995	1.09	31.03.2020	-	-	25,25,995	1.09
9	Bajaj Allianz Life Insurance Company Ltd.	-	0.00	01.04.2019	-	-	-	0.00
				19.07.2019	42,000	bought	42,000	0.02
				26.07.2019	3,64,000	bought	4,06,000	0.17
				02.08.2019	2,19,000	bought	6,25,000	0.26
				23.08.2019	10,000	bought	6,35,000	0.26
				30.08.2019	30,000	bought	6,65,000	0.27
				27.09.2019	25,000	bought	6,90,000	0.28
				15.11.2019	1,76,000	bought	8,66,000	0.37
				22.11.2019	1,00,000	bought	9,66,000	0.42
				14.02.2020	2,34,000	bought	12,00,000	0.52
				21.02.2020	1,50,000	bought	13,50,000	0.58
				28.02.2020	1,50,000	bought	15,00,000	0.65
				06.03.2020	50,000	bought	15,50,000	0.67
		20.03.2020	20,000	bought	15,70,000	0.68		
		27.03.2020	20,000	bought	15,90,000	0.69		
		15,90,000	0.69	31.03.2020	-	-	15,90,000	0.69
10	238 Plan Associates Llc	-	0.00	01.04.2019	-	-	-	0.00
				05.07.2019	24,169	bought	24,169	0.01
				12.07.2019	89,831	bought	1,14,000	0.05
				19.07.2019	97,410	bought	2,11,410	0.09
				26.07.2019	1,33,938	bought	3,45,348	0.14
				20.08.2019	54,652	bought	4,00,000	0.16
		30.08.2019	2,05,000	bought	6,05,000	0.25		

Sr. No.	Name of the Share Holder	Shareholding		Date of Transaction	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year (01.04.2019 to 31.03.2020)	
		No of Shares at the beginning (01.04.2019)/ end of the year (31.03.2020)	% of total shares of the Company				No of Shares	% of total shares of the Company
				13.09.2019	2,35,000	bought	8,40,000	0.34
				08.11.2019	92,500	bought	9,32,500	0.38
				15.11.2019	-32,492	sold	9,00,008	0.39
				29.11.2019	68,000	bought	9,68,008	0.42
				20.12.2019	16,000	bought	9,84,008	0.43
				27.12.2019	85,992	bought	10,70,000	0.46
				03.01.2020	17,000	bought	10,87,000	0.47
				10.01.2020	1,33,000	bought	12,20,000	0.53
				17.01.2020	1,36,000	bought	13,56,000	0.59
				24.01.2020	37,000	bought	13,93,000	0.60
				31.01.2020	37,000	bought	14,30,000	0.62
				07.02.2020	36,000	bought	14,66,000	0.63
		14,66,000	0.63	31.03.2020	-	-	14,66,000	0.63

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

Sr. No.	Shareholders' Name	Shareholding		Date of transaction	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		Number of Shares at the beginning (01.04.2019)/ end of the year 31.03.2020	% of total Shares of the Company				Number of Shares	% of total Shares of the Company
1	Ms. Neetu Kashiramka	2,100	0.00	01.04.2019	-	-	2,100	0.00
				15.11.2019	-598	Tender of shares during Buy back	1,502	0.00
		1,502	0.00	31.03.2020	-	-	1,502	0.00

**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
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	-	-	-
• Reduction	-	-	-	-
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii+ iii)</b>	-	-	-	-

**VI. Remuneration of Directors and Key Managerial Personnel****A. Remuneration to Managing Director, Whole-time Director and/or Manager:**

(₹ In lakh)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. Nagesh Basavanhalli	Mr. Mohanan Manikram*	
	<b>Gross salary</b>			
a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	519.69	46.16	565.85
b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	82.04	-	82.04
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)	41.00	-	41.00
	<b>Total (A)</b>	<b>642.73</b>	<b>46.16</b>	<b>688.89</b>
	Ceiling as per the Act (being 10% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)			1,617.61

\*appointed with effect from 5<sup>th</sup> November 2019**B. Remuneration to other directors:**

(₹ In lakh)

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. Vikram Tandon	Mr. Navneet Singh	Mr. Arvind Kumar Singhal	Mr. Kewal Handa	Ms. Sree Patel	Mr. Vinay Sanghi	
<b>1</b>	<b>Independent Directors</b>							
	• Fee for attending board / committee meetings	4.05	1.95	4.55	5.25	5.45	3.50	24.75
	• Commission*	13.99	3.47	10.27	13.99	10.27	10.27	62.26
	• Others, please specify	-	-	-	-	-	-	-
	<b>Total(1)</b>	<b>18.04</b>	<b>5.42</b>	<b>14.82</b>	<b>19.24</b>	<b>15.72</b>	<b>13.77</b>	<b>87.01</b>
<b>2</b>	<b>Non-Executive Directors</b>	<b>Mr. Karan Thapar</b>	<b>Mr. Vijay Rai</b>					
	• Fee for attending board / committee meetings	4.90	0.90					5.80
	• Commission*	58.28	3.47					61.75
	• Others, please specify	-	-					-
	<b>Total(2)</b>	<b>63.18</b>	<b>4.37</b>					<b>67.55</b>
	<b>Total (B)=(1+2)</b>							<b>154.56</b>
	Total Managerial Remuneration (A)+(B) (excluding sitting fees)							843.45
	Ceiling as per the Act being 1% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)							161.76
	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)							1,779.37

\*Subject to approval of the audited financial statements for the financial year 2019-20 by the members at the forthcoming 101<sup>st</sup> AGM.

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

(₹ In lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Ms. Neetu Kashiramka Chief Financial Officer	Mr. Atindra Basu Company Secretary	Total
	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	162.73	114.37	277.10
(b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
(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)	-	-	-
	<b>Total</b>	<b>162.73</b>	<b>114.37</b>	<b>277.10</b>

**VII. Penalties / Punishment / Compounding of Offences:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority (RD / NCLT / COURT)	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

Mumbai  
5<sup>th</sup> June 2020**Karan Thapar**  
Chairman  
DIN: 00004264

# Annexure 6

**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

- Energy efficient pumps at machine shop and Testing cooling tower at LEU-I.
- Initiative taken to convert Shop floor lighting in to energy efficient Lighting system including conversion to LED Lighting.
- Power saving through use of Condition Base Monitoring (CBM) tool for efficiency improvements at LEU-I & LEU-V.
- Installation of variable frequency drive (VFD) on additional machines.
- Higher wattage Blower motors replaced with lower wattage Motors.

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

Solar rooftop system- 950Kw installed at LEU-I & 900Kw at LEU-V manufacturing facility in Aurangabad.

### (iii) Capital investment on energy conservation equipment

- Variable Frequency Drive (VFD) installation for machines- ₹ 3 Lakhs
- LED lights- ₹ 25 Lakhs

## B. TECHNOLOGY ABSORPTION

### (i) Efforts made towards technology absorption

1. The Company has launched World's first Single Cylinder Diesel engine meeting BSVI emission norms on 3 wheeler Passenger and Cargo vehicle. This is in-house design and development by our R&D team and developed electronically controlled state of art engine which is best in class and delivers superior performance over in this segment.
2. The Company has also launched Bi Fuel CNG BSVI single cylinder engine for same 3 wheeler application, this engine is electronically controlled and delivers better performance with respect to BSIV engine. Company is also developing Mono Fuel CNG engine for 3 wheeler vehicle application which will be launched in FY21-22.
3. The Company has successfully expanded, through its in house R&D, offerings in the industrial engines

space by achieving the FM® (Factory Mutual) & UL® (Underwriters Laboratory) certification for a wide range of its fire-fighting pump set engines (39 engine ratings). This gives the Company new opportunities in the domestic & export markets where advanced safety and reliability are guaranteed by the most stringent FM & UL product listing.

4. The Company has put a greater R&D focus on the technology development for the upcoming CPCBIV+ norms to bring innovative and frugal solutions for the market.
5. The Company has started the commercial production of Smart Gensets which are IoT enabled with advanced features like remote monitoring and proactive diagnostics of a range of diesel generator systems. This has potential to vastly improve both the product as well as service offerings of the Company.
6. The Company has successfully developed / upgraded small off highway engines for domestic and export market meeting Euro stage 5 emission norms. In this segment, Company has improved performance of existing engines to meet customer requirement end and ensure competitiveness in the market.
7. The Company has given equal focus on product development in Farm business and demonstrated new concepts of light Power tiller with more than 20% weight reduction. Development of Efficient OHV series gasoline engines for Farm Business Applications like pump sets, seeders and reapers.
8. Development and Establishment of Centre of Excellence for CAE and Engine Management System which has supported speedy development of BSVI engines and other engine development for Farm and Industrial engine business products.

### **Manufacturing Technology Up gradation: Digitalization and Automation at Greaves: -**

Greaves has very well responded to the disruptive Technology while hey how are you establishing manufacturing set up for BSVI. With the advent of Digitization, we have turned physical shop floor data into digital reports.

It has now become easy to preserve, access and share the data at any point of time. Moreover, Digitalization has successfully paved its way in Greaves Core competency.

To achieve Digitalization and automation in manufacturing, the following improvements has been done at Greaves which has changed perception of manufacturing technology at GCL, from customer point of view.

1. Equipment's in Engine Assembly have been upgraded by adding sensors, wireless devices for data communication having storage facility and interlocking with conveyor to provide real times values. Now we have complete Digital data traceability for critical Engine assly parameters like tightening torques, Nozzle tip protrusion, Torque to turn, bumping clearance, Leakage testing data against every engine number. This will help in rapid response to the customer concerns and data analysis for improvements.
2. We have now moved from the era of manual Engine Testing towards Test cell automation which runs each test cycle exactly as per procedure and record the parameters exactly on the same time for all engines.
3. Digitalization has also helped us in BSVI era by enabling the recording of all critical performance parameters of Engine through Auto data acquisition system along with parameters of test conditions. Now every data is Real time data captured through sensors and various communication devices. At the end of test cycle, performance report is generated through system itself.
4. All Test cells are connected to GCL server, all data gets stored on server and can be retrieved, analysed as per requirement. There are now no physical limitations of storage and all authorised users can access the digital files at the same time.
5. At machine shop, there has been complete transformation through digitization which has helped in improving decision making capability of the workforce. We have moved from methodology of Detection & correction towards Prevention & Elimination methodology through process controls.

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

1. Launch of new BSVI diesel engine has helped company in business growth, build of brand image

and build of customer trust on our capabilities. New engine is delivering best in class performance, robust emission and higher useful life. All lessons learnt in BSIV product and process are incorporated in BSVI engine.

2. To enhance the competitiveness of the product in diesel generator segment, our product features are improved in terms of compact size, improved performance and best in class fuel economy.
3. Techniques of Value Analysis/ Value Engineering (VA/VE) have been adopted to enhance the value proposition and drive costs down across the board through "Propel+" initiative.
4. Cost reduction, weight reduction without compromising product performance implemented in all products of auto engines, industrial engines, generator and farm equipment products.
5. Product development time minimized by utilization of project management tools, simulation and analysis and systematic design reviews.

**(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	7.29
Revenue	20.57
<b>Total</b>	<b>27.86</b>

The total R&D expenditure as a percentage of Revenue from Operations: 1.53% (2018-19:1.12%)

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars	Amount (₹ In crore)
Inflow	61.21
Outflow	78.94

For and on behalf of the Board

Mumbai  
5<sup>th</sup> June 2020

**Karan Thapar**  
Chairman  
DIN: 00004264



# Annexure 7

## Annual Report on the CSR activities pursuant to Section 135 of the Companies Act, 2013 ("the Act") read with the Companies (Corporate 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 Company's 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 working on Reskilling, Health, Education & Environment.

Reskilling	Through DEEP & PRIME meets, touching the lives of mechanics & youth and enable them to earn a livelihood
Health	We have distributed masks for Corona Fighters, Dry Ration Distribution for the under privileged families
Education	Supporting the students who belong to the families of auto and e-rickshaw drivers who need financial assistance to complete their education
Environment	Contribution for restoring Cauvery Basin by planting trees

The Company has adopted a CSR Policy in compliance with the provisions of the Act and the same is placed on the Company's website and can be accessed through the following link [http://www.greavescotton.com/php/media/brochure\\_files/CSR-Policy05-06-2020.pdf](http://www.greavescotton.com/php/media/brochure_files/CSR-Policy05-06-2020.pdf).

The projects undertaken are within the broad framework of Schedule VII of the Act.

### 2. Composition of CSR Committee: The composition of the Committee is as follows:

Name	Category
Ms. Sree Patel	Independent Director
Mr. Nagesh asavanhalli	Executive Director
Mr. Arvind Kumar Singhal	Independent Director

### 3. Average net profit of the Company for last three financial years: ₹ 225.88 crore

### 4. Prescribed CSR Expenditure (2% of the amount as in Sr. No. 3 above): ₹ 4.52 crore

### 5. Details of CSR spend for the financial year:

- Total amount to be spent for the financial year: ₹ 4.52 crore
- Amount unspent: NIL
- Manner in which the amount spent during the financial year is detailed below:

1) Sr. No.	2) CSR project or activity identified	3) Sector in which the Project is covered	4) Projects or Programs 1) Local area or other 2) Specify the State and district where the projects or programs was undertaken	5) Amount outlay (budget) project or programs wise	6) Amount spent on the projects or programs Sub-heads: Direct Expenditure on projects or programs (in Cr.)	7) Cumulative expenditure upto the reporting period	8) Amount spent; Direct or through implementing agency
1	DEEP (Development: Education: Empowerment : Progress)	Skilling	Aurangabad, Pune & Coimbatore (local)		3.95	3.95	NEEM
2	PRIME meets	Skilling	India (Local)		0.186	0.186	WV
3	Mask distribution Activity	Health	Bangalore, Ranipet, Aurangabad (local)		0.1543	0.1543	Mantra foundation

1) Sr. No.	2) CSR project or activity identified	3) Sector in which the Project is covered	4) Projects or Programs 1) Local area or other 2) Specify the State and district where the projects or programs was undertaken	5) Amount outlay (budget) project or programs wise	6) Amount spent on the projects or programs Sub-heads:  Direct Expenditure on projects or programs (in Cr.)	7) Cumulative expenditure upto the reporting period	8) Amount spent; Direct or through implementing agency
4	Dry Ration Distribution YCWC caring for unprivileged kids	Health	Delhi- NCR, Mumbai Local Aurangabad		0.0648	0.0648	CRY foundation, WV respectively
5	Greaves Scholarship Programme	Education	India (Local)		0.066	0.066	Mantra foundation
6	Contribution in Cauvery Calling Project	Environment	on the basins of Cauvery in TN and KA		0.126	0.126	Isha Foundation
7	Initiatives at factory end- tree plantation, Drip irrigation & Roof Top water Harvesting	Environment	Aurangabad ( local)		0.0638	0.0638	Direct, Prayas Foundation & direct respectively
8	Contributing 2 Ampere Scooters	Environment	Coimbatore		0.01	0.01	Direct

**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.**

All the funds allocated for CSR were completely utilised for above identified projects for the betterment of society.

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

For and on behalf of the Board

**Nagesh Basavanhalli**

Managing Director & CEO  
DIN:01886313

Mumbai  
5<sup>th</sup> June 2020

**Sree Patel**

Chairperson of CSR Committee  
DIN: 03554790

# Annexure 8

**Form No. MR-3****SECRETARIAL AUDIT REPORT****For the Financial Year ended 31<sup>st</sup> March 2020**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**UDIN: F005769B000296171**

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 our 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 31<sup>st</sup> March 2020 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 31<sup>st</sup> March 2020 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 (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (d) 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;
- (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India; and
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Ltd.

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

- (i) 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;
- (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
- (iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

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 and there were no dissenting members' views which were required to be 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:

1. The Board at its Meeting held on 2<sup>nd</sup> May 2019 recommended re-appointment of Mr. Nagesh Basavanhalli (DIN: 01886313), Managing Director & CEO for a further period of five years, after the expiry of his present term of office, i.e. with effect from 27<sup>th</sup> September 2019 to 26<sup>th</sup> September 2024 and the same was approved by shareholders as an Ordinary Resolution through postal ballot on 1<sup>st</sup> December 2019.
2. The Board at their Meeting held on 2<sup>nd</sup> May 2019 approved a proposal to Buy back up to 1,37,14,286 Equity Shares of the Company being 5.62% of the total paid-up equity share capital, at a tender price of INR 175 per Equity Share for an aggregate amount not exceeding INR 240 Crores, as on the record date, on a proportionate basis under the tender offer route, and formed the Buyback Committee.

The Buyback Committee at its meeting held on 23<sup>rd</sup> May 2019 approved that the number of Equity Shares to be bought back shall be up to 1,30,00,000 Equity Shares, representing 5.32% of the total number of Equity Shares in the paid-up share capital of the Company as at 31<sup>st</sup> March 2019, for an aggregate consideration amount not exceeding INR 227.50 Crores, subject to approval of the shareholders by means of a special resolution through a postal ballot.

The proposal for buyback was approved by the shareholders as a Special Resolution through Postal Ballot on 23<sup>rd</sup> June 2019 and the Company completed extinguishment of 1,30,00,000

Equity Shares fully paid up of face value of INR 2/- each, which were in dematerialized form on 15<sup>th</sup> November 2019.

3. Pursuant to the definitive agreement dated 29<sup>th</sup> August 2018, the Company acquired in aggregate 25,73,529 Equity Shares, by way of investment in Ampere Vehicles Private Limited (Ampere), subsidiary of the Company through primary and secondary purchases and consequent to the acquisitions the Company's holding in Ampere increased from 72.11% to 81.23% on 15<sup>th</sup> July 2019.
4. Mr. Vijay Rai (DIN: 00075837), retired by rotation at the held on 8<sup>th</sup> August 2019 and having expressed his unwillingness to be re-appointed as Director, ceased to be Director of the Company from the close of business hours of 8<sup>th</sup> August 2019.
5. The shareholders of the Company at their Annual General Meeting held on 8<sup>th</sup> August 2019:
  - a. re-appointed Mr. Vikram Tandon (DIN: 01727251), whose initial term of office ceased on 17<sup>th</sup> November 2018, as an Independent Director of the Company, not liable to retire by rotation, to hold the office for a second term for a period of five years with effect from 18<sup>th</sup> November 2018 to 17<sup>th</sup> November 2023;
  - b. re-appointed Mr. Arvind Kumar Singhal (DIN: 00709084), whose initial term of office ceased on 31<sup>st</sup> March 2019, as an Independent Director of the Company, not liable to retire by rotation, to hold the office for a second term for a period of five years with effect from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2024;
  - c. re-appointed Mr. Navneet Singh (DIN: 01896854), Independent Director, whose initial term of office ceased on 31<sup>st</sup> March 2019 as an Independent Director of the Company, not liable to retire by rotation, to hold the office for a second term for a period commencing from 1<sup>st</sup> April 2019 till the conclusion of the Annual General Meeting.
6. The Board at its meeting held on 25<sup>th</sup> September 2019 approved, the reclassification of Authorised Share Capital of the Company from existing Share Capital of INR 75,00,00,000/- divided into 25,00,000 Redeemable Preference Shares of INR 100/- each and 25,00,00,000 Equity Shares of INR 2/- each to INR 75,00,00,000/- divided into 37,50,00,000 Equity Shares of INR 2/- each and the same was approved by shareholders as an Ordinary Resolution through postal ballot on 1<sup>st</sup> December 2019.
7. The Board at its meeting held on 25<sup>th</sup> September 2019 approved, the Employee Stock Option Scheme - 2019, formulated with the authority to create and grant from

time to time, in one or more tranches, up to a maximum of 20,00,000 equity shares of face value of INR 2/- each to the eligible employees of the Company, its holding and subsidiary companies as may be decided by the Nomination and Remuneration Committee in terms of SEBI (Share Based Employee Benefits) Regulations, 2014 and the same were approved by shareholders as Special Resolutions through postal ballot on 1<sup>st</sup> December 2019.

8. The Board at its meeting held on 25<sup>th</sup> September 2019 approved the terms of employment of Mr. Nagesh Basavanhalli as Managing Director & CEO of the Company and the same was approved by shareholders as an Ordinary Resolution through postal ballot on 1<sup>st</sup> December 2019.
9. The Board at its meeting held on 5<sup>th</sup> November 2019, approved the appointment of Mr. Mohanan Manikram (DIN: 08555030) as an Additional Director, Executive Director for a period of three years with effect from 5<sup>th</sup> November 2019 subject to the approval of the shareholders.
10. The Board at its meeting held on 5<sup>th</sup> November 2019, granted in-principle approval with respect to the acquisition of 18.77% stake in one its subsidiary companies i.e. Ampere Vehicles Private Limited, India (Ampere) through secondary purchase for a total consideration not exceeding INR 60 Crores.

Pursuant to the completion of the acquisition of aforesaid shares, Ampere Vehicles Private Limited became the Wholly Owned Subsidiary of the Company w.e.f. 5<sup>th</sup> December 2019.

11. The Nomination and Remuneration Committee by way of resolution passed by circulation approved the grant of 6,36,215 Stock Options under 'Greaves Cotton - Employees Stock Option Plan 2019' ('ESOP-2019') to Mr. Nagesh Basavanhalli, Managing Director & CEO of the Company on 9<sup>th</sup> December 2019.
12. The Board at its meeting held on 5<sup>th</sup> February 2020 approved, subject to approval of the shareholders, the re-appointment of Ms. Sree Patel (DIN: 03554790) as an Independent Director of the Company for a second term for a period of five years with effect from 14<sup>th</sup> February 2020.

For **Pradeep Purwar & Associates**

Company Secretaries

[Unique Identification No.: S2003MH071600]

[PR: 599/2019]

**Pradeep Kumar Purwar**

Proprietor

FCS No. 5769

CoP No. 5918

Place: Thane

Date: 29<sup>th</sup> May 2020

# 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. The Company is committed to the adoption of best governance practices and their adherence in true spirit at all times. The Company always aims towards building trust and enhancing its stakeholders' values on a sustainable basis. 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 composition of the Board of the Company is in conformity with Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). 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, including an Independent Woman Director is in line with the provisions of the Companies Act, 2013 ('the Act') and the Listing Regulations as amended from time to time. The 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. He is responsible for the business performance, driving growth, and implementation of the strategic decisions taken at the Board level.

The Chairman of the Company is the non-executive Director and is not related to the Managing Director or the Chief Executive Officer as per the definition of the term "relative" defined under the Act. 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 and Directorship / Committee positions of the Directors in other companies are as follows:

Name	Date of Appointment	Position / Category	Directorships in other Indian Public Limited Companies <sup>1</sup>	No. of Board Committees in which Chairman / Member <sup>2</sup>	
				Chairman	Member
Mr. Karan Thapar (DIN: 00004264)	29/09/1991	Chairman / Non-executive Promoter Director	1	-	1
Mr. Nagesh Basavanhalli (DIN: 01886313)	27/09/2016	Managing Director & CEO	2	-	1
Mr. Vikram Tandon* (DIN: 01727251)	07/08/2007	Independent Director	1	1	1
Mr. Arvind Kumar Singhal (DIN: 00709084)	01/11/2013	Independent Director	3	-	1
Mr. Kewal Handa (DIN: 00056826)	06/05/2016	Independent Director	6	3	4
Ms. Sree Patel (DIN: 03554790)	14/02/2017	Independent Director	-	-	-
Mr. Vinay Sanghi (DIN: 00309085)	04/08/2017	Independent Director	2	-	-
Mr. Mohanan Manikram (DIN: 08555030)	05/11/2019	Additional Director (Executive Director)	1	-	-
Mr. Subbu Venkata Rama Behara (DIN: 00289721)	28/05/2020	Additional Director (Independent)	2	1	2

\* resigned with effect from 27<sup>th</sup> April 2020

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.

Based on the declarations received, the Board also confirms that the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the Management.

The Directorships of the Directors in other listed entities along with the category of directorships is attached as **Annexure A**.

## 2.2 Board Skill Matrix

The Board of Directors of the Company comprises of qualified members who possess relevant skills, expertise and competence for the effective functioning of the Company. In compliance with the Listing Regulations, the Board has identified the following skills / expertise / competencies fundamental for the effective functioning of the Company:

<b>Global Economics</b>	Understanding of diverse business environments, regulatory framework, economic & political conditions and cultures globally
<b>Finance and Accounts</b>	Proficiency in financial management, financial reporting process, budgeting, treasury operations, audit, capital allocation
<b>Sales, Marketing, Commercial</b>	Experience in strategizing market share growth, building brand awareness, enhancing enterprise reputation
<b>Merger and acquisitions</b>	Examining M&A deals for inorganic growth in line with the Company's growth strategy
<b>Manufacturing, Quality and Supply Chain</b>	Operational expertise and technical know-how in the area of manufacturing, quality and supply chain
<b>Corporate Governance</b>	Protection of stakeholders' interest, observing best governance practices and identifying key governance risks
<b>Technology</b>	Research & development, Quality development and product management
<b>General management, HR and Leadership</b>	General know-how of business management, talent management and development, workplace health & safety

Basis the above-mentioned skill matrix, the skills which are currently available with the Board have been mapped below:

Name	Global Economics	Finance and Accounts	Sales, Marketing, Commercial	Merger and acquisitions	Manufacturing, Quality and Supply Chain	Corporate Governance	Technology	General management, HR and Leadership
Mr. Karan Thapar	✓	✓	✓	✓	✓	✓	-	✓
Mr. Nagesh Basavanhalli	✓	-	✓	✓	✓	✓	✓	✓
Mr. Arvind Kumar Singhal	✓	✓	✓	✓	✓	✓	-	✓
Mr. Kewal Handa	✓	✓	✓	✓	-	✓	✓	✓
Ms. Sree Patel	✓	✓	✓	✓	-	✓	✓	✓
Mr. Vinay Sanghi	✓	✓	✓	✓	-	✓	✓	✓
Mr. Mohanan Manikram	-	-	✓	-	✓	✓	✓	✓
Mr. Subbu Venkata Rama Behara	✓	-	✓	✓	✓	✓	✓	✓

## 2.3 Attendance of each Director at the Board Meetings and at the Annual General Meeting ('AGM')

During the financial year 2019-20, the Board met 5 times i.e. on 2<sup>nd</sup> May 2019, 8<sup>th</sup> August 2019, 25<sup>th</sup> September 2019, 5<sup>th</sup> November 2019 and 5<sup>th</sup> February 2020. The Board met at least once in every calendar quarter and the gap between any two Board Meetings did not exceed 120 days. The quorum for every Meeting of Board was met as per the Act and the Listing Regulations. The 100<sup>th</sup> AGM of the Company was held on 8<sup>th</sup> August 2019.

The details of the attendance of the Directors at the meetings are as follows:

Name	Number of Board Meetings attended	Attendance at 100 <sup>th</sup> AGM
Mr. Karan Thapar	5 of 5	Yes
Mr. Nagesh Basavanhalli	5 of 5	Yes
Mr. Vijay Rai*	2 of 2	Yes
Mr. Vikram Tandon#	5 of 5	No
Mr. Navneet Singh*	2 of 2	Yes
Mr. Arvind Kumar Singhal	5 of 5	Yes
Mr. Kewal Handa##	5 of 5	No
Ms. Sree Patel	5 of 5	Yes
Mr. Vinay Sanghi	5 of 5	No
Mr. Mohanan Manikram**	0 of 2	N.A.

\* ceased with effect from 8<sup>th</sup> August 2019

\*\* appointed with effect from 5<sup>th</sup> November 2019

# Mr. Vikram Tandon, the Chairperson of the Nomination and Remuneration Committee ('NRC') had authorised Mr. Karan Thapar, member of NRC, as an authorised representative of the NRC to attend 100<sup>th</sup> AGM of the Company. Further Mr. Vikram Tandon, Independent Director resigned from the Board of the Company with effect from 27<sup>th</sup> April, 2020 due to his work and personal constraints. He has confirmed that there were no other material reasons for his resignation other than the one stated above.

## Mr. Kewal Handa, the Chairperson of the Audit Committee had authorised Ms. Sree Patel, member of Audit Committee, as an authorised representative of the Audit Committee to attend 100<sup>th</sup> AGM of the Company.

## 2.4 Conduct of Board Meetings

The Board meets at least once in a calendar quarter to, inter alia, approve the quarterly financial results and the strategic business plan. 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 Listing Regulations 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.

Video-conferencing facilities are also used to facilitate Directors travelling / residing abroad or at other locations to participate in the meetings.

## 3. COMMITTEES

As mandated by the Act and Listing Regulations, the Company has constituted an Audit Committee, a Nomination and Remuneration Committee, a Stakeholders' Relationship & Share Transfer Committee, a Corporate Social Responsibility ('CSR') Committee and a Risk Management 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 31<sup>st</sup> March 2020 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 ('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 the 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, risk management systems, discussion on any significant findings and Management response thereon;
- (vii) reviewing the findings of any internal investigations by the internal auditors;
- (viii) reviewing the functioning of the Whistle Blower Mechanism and ensure adequate safeguards against victimization of employees and directors;
- (ix) approving the appointment of Chief Financial Officer; and
- (x) recommend to the Board, the appointment and remuneration of Cost Auditors and review Cost Audit Report/Cost Statements.

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.

During the year under review, due to the cessation of directorship of Mr. Navneet Singh as Independent Director of the Company, the Board of Directors in their meeting held on 8<sup>th</sup> August 2019 inducted Mr. Arvind Kumar Singhal as member of the Committee in place of Mr. Navneet Singh.

As on the date of this report, the composition of the Committee is in accordance with Section 177 of the Act and Regulation 18 of Listing Regulations as given below:

<b>Name</b>	<b>Designation</b>	<b>Category</b>
Mr. Kewal Handa	Chairperson	Independent Director
Mr. Arvind Kumar Singhal	Member	Independent Director
Ms. Sree Patel	Member	Independent Director

**3.1.3 Meetings and attendance**

During the financial year 2019-20, the Committee met five times i.e. on 1<sup>st</sup> May 2019, 7<sup>th</sup> August 2019, 25<sup>th</sup> September 2019, 4<sup>th</sup> November 2019 and 4<sup>th</sup> February 2020. The gap between any two consecutive meetings did not exceed 120 days. The details of the attendance of the Directors at these Meetings are as follows:

<b>Name</b>	<b>Number of Meetings attended</b>
Mr. Kewal Handa	5 of 5
Mr. Navneet Singh*	2 of 2
Ms. Sree Patel	5 of 5
Mr. Arvind Kumar Singhal**	3 of 3

\* ceased with effect from 8<sup>th</sup> August 2019

\*\*appointed as member with effect from 9<sup>th</sup> August 2019

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.

### 3.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") ensures that the Company's nomination, remuneration and incentive policies, practices and key performance indicators of the Executive Directors, Key Management Personnel and the Senior Management are aligned with the Board's vision, values and overall business objectives and are appropriately designed to attract, motivate and retain them and 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, expertise 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 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;
7. To ensure that the Company's remuneration and incentive policies, practices and performance indicators are aligned to the Board's vision, values and overall business objectives;
8. To review the Remuneration / Promotion / Increment / Performance Linked Incentive Policy, including remuneration structure, retention and termination policies;
9. To review the process for setting the Key Performance Indicators (KPI) / Key Result Areas (KRA) and for measuring their performance against the set KPIs / KRAs to determine their annual Performance Linked Incentive; and
10. To investigate any senior level employee grievance or complaints that may have arisen.

#### 3.2.2 Composition

Due to the resignation of Mr. Vikram Tandon as an Independent Director of the Company with effect from 27<sup>th</sup> April 2020. The Board of Directors in their meeting held on 5<sup>th</sup> June 2020 inducted Mr. Subbu Venkata Rama Behara as member and chairperson of NRC in place of Mr. Vikram Tandon.

As on the date of this report, the NRC comprises of three Directors of whom two are Independent Directors and one is a Non- executive Director as follows:

Name	Designation	Category
Mr. Subbu Venkata Rama Behara	Chairperson	Independent Director
Mr. Karan Thapar	Member	Non-executive Director
Mr. Vinay Sanghi	Member	Independent Director

### 3.2.3 Meetings and attendance

During the financial year 2019-20, the NRC met five times i.e. on 1<sup>st</sup> May 2019, 7<sup>th</sup> August 2019, 25<sup>th</sup> September 2019, 5<sup>th</sup> February 2020 and 26<sup>th</sup> February 2020. The details of the attendance of the Directors at these Meetings are as follows:

Name	Number of Meetings attended
Mr. Karan Thapar	5 of 5
Mr. Vikram Tandon	5 of 5
Mr. Vinay Sanghi	4 of 5

### 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 Executive Directors

The remuneration of the Executive Directors is recommended by the NRC to the Board of Directors. The NRC 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 Mr. Nagesh Basavanhalli, Managing Director & CEO and Mr. Mohanan Manikram, Executive Director during the financial year 2019-20 are as follows:

(₹ in lakhs)

Name of the Director	Fixed component			Variable Component		Total
	Salary and Allowance	Perquisites	Retirement benefit	Performance Linked Incentives	Long Term Incentive	
Mr. Nagesh Basavanhalli	295.85	82.04	15.49	208.35	41.00	642.73
Mr. Mohanan Manikram	43.92	-	2.24	-	-	46.16

Mr. Nagesh Basavanhalli was re-appointed for a further period of five years with effect from 27<sup>th</sup> September 2019 to 26<sup>th</sup> September 2024.

Mr. Mohanan Manikram was appointed as Executive Director of the Company with effect from 5<sup>th</sup> November 2019 for the period of three (3) years or his employment with the Company, whichever is earlier. Further, the NRC and Board of Directors of the Company have recommended the appointment of Mr. Mohanan Manikram as Executive Director of the Company, to the Members at the ensuing AGM.

There is no separate provision for payment of severance fees.

Details regarding Service Contract and Notice Period:

	Mr. Nagesh Basavanhalli	Mr. Mohanan Manikram
Service Contract	27 <sup>th</sup> September 2019 to 26 <sup>th</sup> September 2024	Three (3) years or his employment with the Company, whichever is earlier
Notice Period	3 months	3 months

#### 2. For Non - executive Directors

The Non- executive Directors are 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 of ₹ 35,000 for attending each meeting of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, CSR Committee, Risk Management Committee and Independent Directors. The sitting fees for attending each meeting of the Stakeholders' Relationship & Share Transfer Committee and Managing Committee, the Non-Executive Directors are entitled to sitting fees of ₹ 10,000.

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

**b. Commission**

In terms of the Members' approval given at the 98<sup>th</sup> Annual General Meeting held on 3<sup>rd</sup> August 2017, 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; and
- Overall contribution and time devoted outside the Meetings.

Details of the remuneration paid / payable to the Non - executive Directors for the financial year 2019-20 are as follows:

(₹ in lakhs)

Name of the Directors	Sitting fees	Commission*	Total
Mr. Karan Thapar	4.90	58.28	63.18
Mr. Vijay Raj**	0.90	3.47	4.37
Mr. Vikram Tandon#	4.05	13.99	18.04
Mr. Navneet Singh**	1.95	3.47	5.42
Mr. Arvind Kumar Singhal	4.55	10.27	14.82
Mr. Kewal Handa	5.25	13.99	19.24
Ms. Sree Patel	5.45	10.27	15.72
Mr. Vinay Sanghi	3.50	10.27	13.77

\* Subject to approval of the audited financial statements for the financial year 2019-20 by the Members at the forthcoming 101<sup>st</sup> AGM.

\*\* ceased with effect from 8<sup>th</sup> August 2019

# resigned with effect from 27<sup>th</sup> April 2020

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 is concerned or interested.

The remuneration drawn by the Directors during the year is set out above. The remuneration paid to the Directors is in accordance with the provisions of the Act and has been duly approved by Members of the Company. None of the Directors of the Company have any pecuniary relationship with the Company.

The remuneration paid to the Non-Executive Directors does not exceed the threshold specified in Regulation 17(6)(ca) of the Listing Regulations and no approval of the shareholders by Special Resolution was called for.

**3.2.5 Shareholding of Non-Executive Directors of the Company**

As on 31<sup>st</sup> March 2020, none of the Non-Executive Director is holding shares of the Company.

**3.3. Corporate Social Responsibility ('CSR') Committee**

The objective of the CSR Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for the corporate social responsibility activities of the Company. It will assist the Board in its oversight of the Company's responsibilities towards its shareholders, customers, communities, and other key stakeholders.

**3.3.1 Terms of reference in brief**

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII of the Companies Act, 2013;
- Recommend the amount of expenditure to be incurred on the approved activities;
- Monitor the Corporate Social Responsibility Policy of the Company from time to time;
- The Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company; and
- Monitor the preparation of Company's annual Corporate Social Responsibility Report.

### 3.3.2 Composition

As on the date of this report, the CSR Committee comprises of three Directors of whom two are Independent Directors including Chairperson as follows:

Name	Designation	Category
Ms. Sree Patel	Chairperson	Independent Director
Mr. Nagesh Basavanhalli	Member	Executive Director
Mr. Arvind Kumar Singhal	Member	Independent Director

### 3.3.3 Meetings and attendance

During the financial year 2019-20, the CSR Committee met four times i.e. on, 1<sup>st</sup> May 2019, 7<sup>th</sup> August 2019, 4<sup>th</sup> November 2019 and 4<sup>th</sup> February 2020. The details of the attendance of the Directors at these Meetings are as follows:

Name	Number of Meetings attended
Ms. Sree Patel	4 of 4
Mr. Nagesh Basavanhalli	4 of 4
Mr. Arvind Kumar Singhal	4 of 4

## 3.4 Risk Management Committee

The objective of the Risk Management Committee is to assist the Board of Directors in fulfilling its responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and environmental risks. The risk management committee has the overall responsibility of monitoring and approving the risk policies and associated practices of the Company.

### 3.4.1 Terms of reference in brief

- Review and recommend changes to the Enterprise Risk Management Policy and / or associated frame work, processes and practices of the Company to ensure timely identification of elements of risk, if any, which in the opinion of the Board may threaten the performance or existence of the Company;
- Ensure appropriate review of identification of strategic, operational, regulatory & compliance and catastrophic risks, and appropriate review of the Mitigation Plans for the identified risks;
- Ensure that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities;
- Monitor and review cyber security;
- Review the Political, Economic, Social, Technological, Legal / Regulatory and Environmental trends and make recommendations to the Board as to how best the Company can adjust to these trends;
- Review with Management the key issues, options and external/ internal developments impacting Company's strategy;
- Review with Management, the process for the development, approval and modification of strategies, long-range business objectives and strategic plan; and
- Review and recommend to the Board of Directors financial policies and standards as developed by Management pertaining to debt ratio, dividend policy and specific operating standards like revenue, returns and gestation period of new business opportunities.

### 3.4.2 Composition

As on the date of this report, the Risk Management Committee comprises of three Directors of whom two are Non- Executive Directors as follows:

Name	Designation	Category
Mr. Karan Thapar	Chairperson	Non-Executive Director
Mr. Nagesh Basavanhalli	Member	Executive Director
Mr. Kewal Handa	Member	Independent Director

### 3.4.3 Meetings and attendance

During the financial year 2019-20, the Risk Management Committee met four times i.e. on, 1<sup>st</sup> May 2019, 7<sup>th</sup> August 2019, 4<sup>th</sup> November 2019 and 4<sup>th</sup> February 2020. The details of the attendance of the Directors at these Meetings are as follows:

Name	Number of Meetings attended
Mr. Karan Thapar	4 of 4
Mr. Nagesh Basavanhalli	4 of 4
Mr. Kewal Handa	4 of 4

### 3.5 Stakeholders' Relationship & Share Transfer Committee

The Stakeholders' Relationship & 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.

#### 3.5.1 Terms of reference in brief

- To receive and review 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 share certificates 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;
- To review the Shareholding Pattern of the Company and the significant changes therein;
- To monitor implementation and compliance with the Company's Code of Conduct for Prohibition of Insider Trading in the securities of the Company in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time;
- To review the measures taken for effective exercise of voting rights by shareholders and adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar and Share Transfer Agent; and
- To review various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrant / annual reports / statutory notices by the shareholders of the Company.

#### 3.5.2 Composition

During the year under review, due to the cessation of directorship of Mr. Vijay Rai and Mr. Navneet Singh as Directors of the Company, the Board of Directors in their meeting held on 8<sup>th</sup> August 2019 reconstituted Stakeholders' Relationship and Share Transfer Committee ('Committee') with the induction of Ms. Sree Patel as Chairperson and Mr. Vikram Tandon as Member of the Committee.

After the end of the Financial Year 2019-20, due to the resignation of Mr. Vikram Tandon as an Independent Director of the Company with effect from 27<sup>th</sup> April 2020, the Board of Directors in their meeting held on 5<sup>th</sup> June 2020 inducted Mr. Vinay Sanghi as member of the Committee in place of Mr. Vikram Tandon.

As on the date of this report, the composition of the Committee is in accordance with Section 178 of the Act and Regulation 20 of the Listing Regulations, as given below:

Name	Designation	Category
Ms. Sree Patel	Chairperson	Independent Director
Mr. Nagesh Basavanhalli	Member	Executive Director
Mr. Vinay Sanghi	Member	Independent Director

### 3.5.3 Meetings and attendance

During the year under review, the Committee met 4 times i.e. on 1<sup>st</sup> May 2019, 7<sup>th</sup> August 2019, 5<sup>th</sup> November 2019 and 5<sup>th</sup> February 2020. The details of the attendance of the Directors at these Meetings are as follows:

Name	Number of Meetings attended
Mr. Vijay Rai*	2 of 2
Mr. Nagesh Basavanhalli	4 of 4
Mr. Navneet Singh*	2 of 2
Ms. Sree Patel**	2 of 2
Mr. Vikram Tandon**	2 of 2

\*ceased with effect from 8<sup>th</sup> August 2019

\*\*appointed as a Member with effect from 9<sup>th</sup> August 2019

### 3.5.4 Name and designation of Compliance Officer

Mr. Atindra Basu, Head- Legal, Internal Audit and Company Secretary, is the Compliance Officer of the Company as required under Regulation 6 of the Listing Regulations.

### 3.5.5 Investor complaints

The Company received seven complaints during the year under review which were satisfactorily addressed. There were no pending complaints as on 31<sup>st</sup> March 2020.

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](mailto:investorservices@greavescotton.com) to which investors can send their grievances.

Mr. Atindra Basu, Head - Legal, Internal Audit and 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 62211700.

Complete details of the past unpaid / unclaimed dividends lying with the Company have been uploaded on the Company's website [www.greavescotton.com](http://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 (IEPF) of the Government.

### 3.5.6 Unclaimed Dividend and shares transferred to Investor Education and Protection Fund (IEPF) Account:

In accordance with the provisions of sections 124 and 125 of the Act and Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time ("IEPF Rules"), dividends which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund ("IEPF") Account.

The IEPF Rules mandate companies to transfer all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more in the name of IEPF. The Members whose dividend/shares are transferred to the IEPF Authority can claim their shares/dividend from the IEPF Authority following the procedure prescribed in the Rules.

In accordance with the said IEPF Rules and its amendments, the Company had sent notices to all the Shareholders whose shares were due for transfer to the IEPF Authority and simultaneously published newspaper advertisement.

**The details of Dividend remitted to IEPF during the year:**

Financial Year	Dividend declared on	Amount transferred to IEPF (in ₹)	Date of transfer to IEPF
Special Interim Dividend for the Financial Year 2011-12	30.03.2012	7,65,399	20.05.2019
Final Dividend for the Financial Year 2011-12	30.07.2012	2,06,775	24.09.2019
1 <sup>st</sup> Interim Dividend for the Financial Year 2012-13	06.09.2012	2,77,927	01.11.2019
2 <sup>nd</sup> Interim Dividend for the Financial Year 2012-13	02.11.2012	6,32,548	30.12.2019
3 <sup>rd</sup> Interim Dividend for the Financial Year 2012-13	30.01.2013	6,20,074	24.04.2020

**Shares transferred/ credited to IEPF:**

During the year 2019-20, the Company transferred 33,315 Ordinary (Equity) Shares to IEPF Authority. The IEPF Authority holds 10,65,392 Ordinary (Equity) Shares in the Company as on 31<sup>st</sup> March 2020.

The voting rights on these shares shall remain frozen until the rightful owner claims the shares.

The Company has appointed a Nodal Officer and Deputy Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company at [www.greaves cotton.com](http://www.greaves cotton.com).

The following table provides dates on which unclaimed dividend and their corresponding shares would become liable to be transferred to the IEPF:

Year	Date of declaration of Dividend	Due date for transfer to IEPF	Amount (₹) (As on 31 <sup>st</sup> March 2020)
Final Dividend for the Financial Year 2012-13	30.07.2013	01.09.2020	7,21,463.50
1 <sup>st</sup> Interim Dividend for the Financial Year 2013-14	13.09.2013	15.10.2020	4,60,304.70
2 <sup>nd</sup> Interim Dividend for the Financial Year 2013-14	06.02.2014	13.03.2021	5,90,578.85
Final Dividend for the Financial Year 2013-14	31.07.2014	03.09.2021	8,50,130.40
Interim Dividend for the Financial Year 2014-15	30.08.2014	30.09.2021	20,31,934.80
Final Dividend for the Financial Year 2014-15	06.08.2015	06.09.2022	16,34,091.80
Interim Dividend for the Financial Year 2015-16	03.02.2016	07.03.2023	64,34,428.49
Final Dividend for the Financial Year 2015-16	26.09.2016	26.10.2023	15,72,920.00
Interim Dividend for the Financial Year 2016-17	14.02.2017	22.03.2024	59,46,652.00
Final Dividend for the Financial Year 2016-17	03.08.2017	08.09.2024	24,25,560.50
Interim Dividend for the Financial Year 2017-18	05.02.2018	13.03.2025	56,13,920.00
Final Dividend for the Financial Year 2017-18	13.08.2018	18.09.2025	21,86,742.50
Interim Dividend for the Financial Year 2018-19	04.02.2019	12.03.2026	54,29,672.00

**3.6 Meeting of Independent Directors**

During the FY 2019-20, the Independent Directors met once without the presence of the management and Non-Executive Directors. The Independent Directors, inter alia, discussed matters arising out of Board and Board Committee agendas, company performance and other board-related matters, and to review the performance of Independent Directors, the Chairman and the Board as a whole and assess the effectiveness and promptness of the information flow inter se the Board and the management. The Chairman of the meeting briefed the Board on the proceedings of the Meeting.

**3.6.1 Performance evaluation criteria for Independent Directors**

The performance evaluation criteria for Independent Directors is determined by NRC. 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.



## 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
8 <sup>th</sup> August 2019	3.30 p.m.	Rangsharda Natyamandir, Near Lilavati Hospital, KC Marg, Bandra Reclamation Flyover, ONGC Colony, Bandra West, Mumbai-400 050	1. Re-appointment of Mr. Vikram Tandon as an Independent Director 2. Re-appointment of Mr. Arvind Kumar Singhal as an Independent Director 3. Re-appointment of Mr. Navneet Singh as an Independent Director
13 <sup>th</sup> August 2018	4.00 p.m.	Hall of Culture, Nehru Centre, Worli, Mumbai- 400 018	Adoption of new set of Articles of Association
3 <sup>rd</sup> August 2017	3.30 p.m.	Hall of Culture, Nehru Centre, Worli, Mumbai- 400 018	Payment of Commission to Non- Executive Directors

### 4.2 Special Resolutions through Postal Ballot

During the year under review, the Company approached the shareholders twice through postal ballot. The details of the postal ballot are as follows:

**Date of Postal Ballot Notice:** 23<sup>rd</sup> May 2019

**Voting period:** Saturday, 25<sup>th</sup> May 2019 at 0900 hours IST to Sunday, 23<sup>rd</sup> June 2019 at 1700 hours IST

**Date of declaration of results:** 25<sup>th</sup> June 2019

**Date of approval:** 23<sup>rd</sup> June 2019 (i.e. last date specified for receipt of duly completed Postal Ballot Forms or remote e-voting)

Name of the resolution	Type of resolution	No. of votes polled	Vote cast in favour		Vote cast against	
			No. of votes	%	No. of votes	%
Approval for Buy Back of Equity Shares of the Company	Special resolution	17,20,05,265	17,19,91,758	99.9921	13,507	0.0079

Mr. Upendra Shukla (Membership No. F2727), Practising Company Secretary, was appointed as the scrutinizer for carrying out the postal ballot and remote e-voting process in a fair and transparent manner.

**Date of Postal Ballot Notice:** 1<sup>st</sup> November 2019

**Voting period:** Saturday, 2<sup>nd</sup> November 2019 at 0900 hours IST to Sunday, 1<sup>st</sup> December 2019 at 1700 hours IST

**Date of declaration of results:** 2<sup>nd</sup> December 2019

**Date of approval:** 1<sup>st</sup> December 2019 (i.e. last date specified for receipt of duly completed Postal Ballot Forms or remote e-voting)

Name of the resolution	Type of resolution	No. of votes polled	Vote cast in favour		Vote cast against	
			No. of votes	%	No. of votes	%
To approve 'Greaves Cotton – Employees Stock Option Plan 2019'	Special resolution	16,74,78,972	16,69,20,975	99.6668	5,57,997	0.3332
To extend approval of 'Greaves Cotton – Employees Stock Option Plan 2019' for the employees of the Holding Company and its Subsidiary Company (ies)	Special resolution	16,74,78,359	16,69,17,767	99.6653	5,60,592	0.3347

Mr. Sunny Gogiya (Membership No. A56804), Practising Company Secretary, was appointed as the scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

#### Procedure for Postal Ballot:

The postal ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Act read with the Rules framed thereunder.

#### 4.3 Details of special resolution proposed to be conducted through postal ballot:

None of the businesses proposed to be transacted at the ensuing AGM requires passing of a special resolution through postal ballot.

## 5. DISCLOSURES

### 5.1 Related Party Transactions

#### 5.1.1 Basis

During the year under review, the Company has not entered into any Material Related Party Transactions. 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 at [www.greavescotton.com](http://www.greavescotton.com) and can also be accessed through the following link [http://www.greavescotton.com/php/media/brochure\\_files/Related%20Party%20Transaction%20Policy.pdf](http://www.greavescotton.com/php/media/brochure_files/Related%20Party%20Transaction%20Policy.pdf).

### 5.2 Disclosure of Accounting treatment in preparation of Financial Statements

The financial statements have been prepared in accordance with Ind AS as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Act and other relevant provisions of the Act.

### 5.3 Management

The Management Discussion and Analysis Report, as required under Regulation 34 of the Listing Regulations 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 and 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 Listing Regulations. The Certificate is attached as **Annexure B**.

### 5.6 Auditors' certificate on Corporate Governance

The Auditors' Certificate on compliance with the conditions of corporate governance, as stipulated under Regulation 34(3) read with Schedule V of the Listing Regulations, is attached as **Annexure E**.

### 5.7 Subsidiary Companies

The Company does not have a material non-listed Indian subsidiary as defined under Regulation 16 of the Listing Regulations. However, the Company has unlisted subsidiary companies in India. 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](http://www.greavescotton.com) and can be accessed through the following link [http://www.greavescotton.com/php/media/brochure\\_files/Policy%20for%20determining%20material%20subsidiaries.pdf](http://www.greavescotton.com/php/media/brochure_files/Policy%20for%20determining%20material%20subsidiaries.pdf).

### 5.8 Code of Conduct for Prevention of Insider Trading

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015 ("Insider Trading Regulations"), the Company has formulated the 'Code of Conduct for Prevention of Insider Trading in the securities of the Company' and the 'Code of Practices and

Procedures for Fair Disclosure of Unpublished Price Sensitive Information' ('Greaves Code'), which allows the formulation of a trading plan subject to certain conditions and requires pre-clearance for dealing in the Company's shares. It also prohibits the purchase or sale of the Company's shares by the Directors, designated employees and connected persons, while in possession of Unpublished Price Sensitive Information in relation to the Company and during the period(s) when the Trading Window to deal in the Company's shares is closed.

The codes have been revised in line with the amendments to the Insider Trading Regulations, as amended from time to time.

Pursuant to the above, the Company has put in place adequate and effective system of internal controls to ensure compliance with the requirements of the Insider Trading Regulations. A structured digital database is being maintained by the Company, which contains the names and other particulars as prescribed of the persons covered under the Codes drawn up pursuant to the Insider Trading Regulations.

The Company has formulated the 'Policy on Procedure of Inquiry in case of leak / suspected leak of Unpublished Price Sensitive Information ('UPSI')'. The policy is formulated to maintain ethical standards in dealing with sensitive information of the Company by persons who have access to UPSI. The rationale of the policy is to strengthen the internal control systems to ensure that the UPSI is not communicated to any person except in accordance with the Insider Trading Regulations. The Policy also provides an investigation procedure in case of leak/suspected leak of UPSI.

The Company has also formulated a Policy for determination of 'legitimate purposes' as a part of the Code of Practices and Procedures for Fair Disclosure of UPSI as per the requirements of the Insider Trading Regulations.

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. Mr. Atindra Basu, Head - Legal, Internal Audit & Company Secretary 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 conflict 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 Listing Regulations. The Code is displayed on the Company's website [www.greavescotton.com](http://www.greavescotton.com) and can be accessed through the following link [http://www.greavescotton.com/php/media/brochure\\_files/Code%20of%20Conduct%20for%20Board%20Members%20and%20Senior%20Management.pdf](http://www.greavescotton.com/php/media/brochure_files/Code%20of%20Conduct%20for%20Board%20Members%20and%20Senior%20Management.pdf). All the Members of the Board and Senior Management personnel have affirmed their compliance with the Code for the financial year ended 31<sup>st</sup> March 2020. A declaration to this effect, signed by the Managing Director & CEO, is attached as **Annexure C**. 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 behaviour. 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 Chairperson of the Audit Committee. The Company ensures that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment or victimisation.

The Company affirms that during FY 2019-20, no personnel have been denied access to the Audit Committee.

The Whistle Blower Policy is posted on the website of the Company at [http://www.greavescotton.com/php/media/brochure\\_files/Whistle%20Blower%20Policy.pdf](http://www.greavescotton.com/php/media/brochure_files/Whistle%20Blower%20Policy.pdf).

## 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 like Business Standard and Navshakti.
- b) Press Release: The Company issues press release highlighting significant performance and operational milestones. The proceedings of the press release 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 and Investor's Presentation are also sent to the Stock Exchanges and displayed on the Company's website [www.greaves cotton.com](http://www.greaves cotton.com) and can be accessed through the following link <http://www.greaves cotton.com/investors/investor-information>.
- d) Website: The financial results are also simultaneously posted on the Company's website <http://www.greaves cotton.com/investors/financials>.

## 7. GENERAL SHAREHOLDER INFORMATION

### 7.1 Annual General Meeting Information

Date: 13<sup>th</sup> August 2020

Time: 4:00 p.m.

Venue: The Company is conducting meeting through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM') pursuant to the MCA circular dated 5<sup>th</sup> May 2020 and as such there is no requirement to have a venue for the AGM. For details, please refer to the Notice of this AGM.

### 7.2 Financial year of the Company: 1<sup>st</sup> April to 31<sup>st</sup> March each year

### 7.3 Financial Calendar (tentative)

The Company expects to announce the financial results for the year 2020-21, as per the following schedule:

1 <sup>st</sup> quarter ending 30 <sup>th</sup> June 2020	: on or before 14 <sup>th</sup> August 2020
2 <sup>nd</sup> quarter ending 30 <sup>th</sup> September 2020	: on or before 14 <sup>th</sup> November 2020
3 <sup>rd</sup> quarter ending 31 <sup>st</sup> December 2020	: on or before 14 <sup>th</sup> February 2021
4 <sup>th</sup> quarter and financial year ending 31 <sup>st</sup> March 2021	: on or before 30 <sup>th</sup> May 2021
102 <sup>nd</sup> Annual General Meeting	: on or before 30 <sup>th</sup> September 2021

### 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
<b>BSE Limited (BSE)</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	501455
<b>National Stock Exchange of India Limited (NSE)</b> 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.

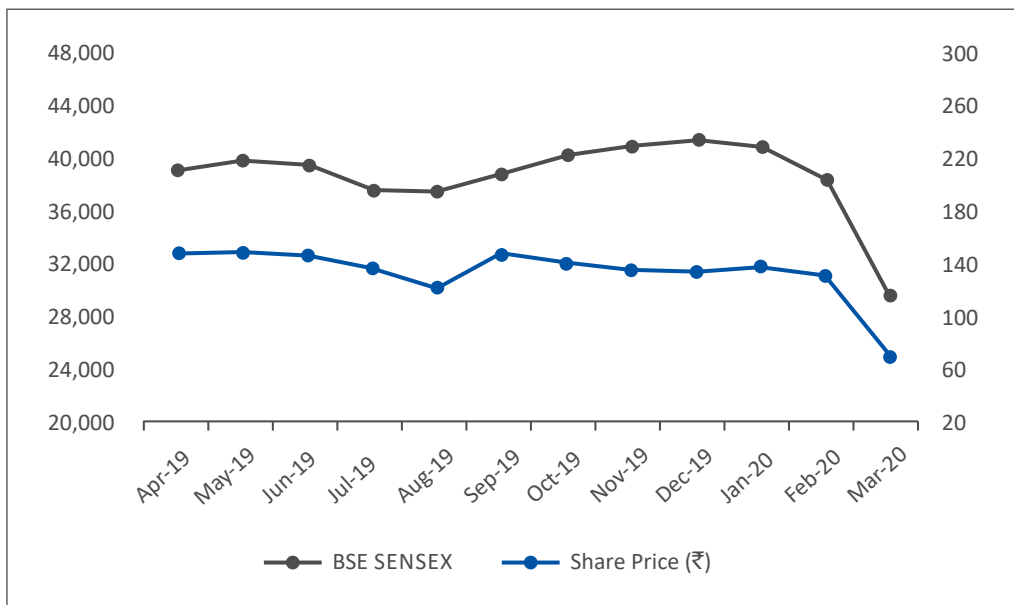
The Listing Fee for the financial year 2020-21 has been paid to both the above Stock Exchanges.

### 7.5 Market Price Data (high, low during each month in the financial year 2019-20):

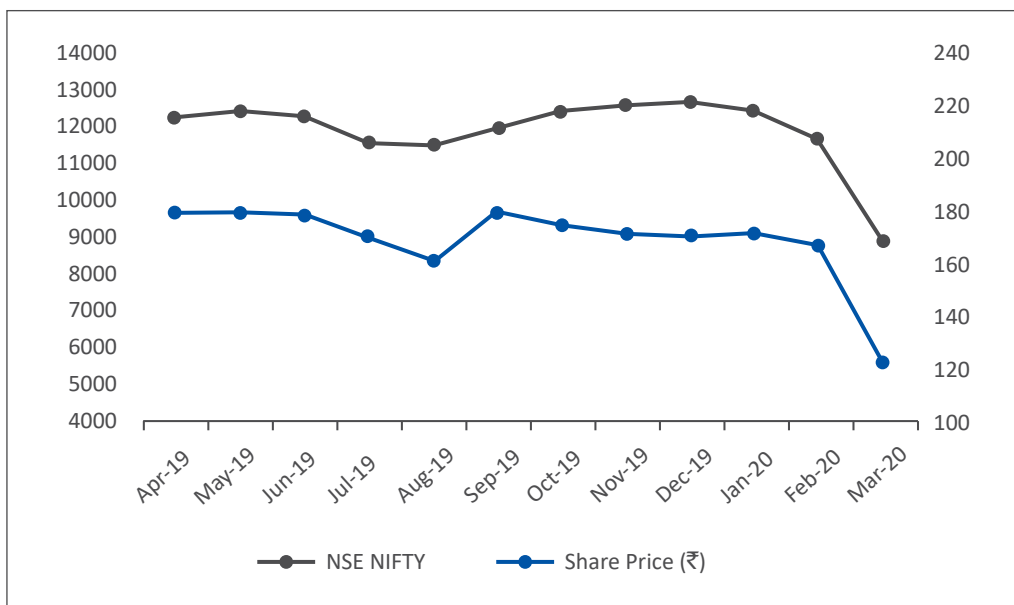
Month	BSE				NSE			
	Prices in ₹		S & P BSE Sensex		Prices in ₹		Nifty 50	
	High	Low	High	Low	High	Low	High	Low
April, 2019	153.85	138.00	39487.45	38460.25	154.40	138.15	11856.15	11549.10
May, 2019	153.00	134.00	40124.96	36956.10	152.85	134.00	12041.15	11108.30
June, 2019	157.25	140.20	40312.07	38870.96	156.85	140.00	12103.05	11625.10
July, 2019	149.90	125.30	40032.41	37128.26	149.90	125.30	11981.75	10999.40
August, 2019	134.30	112.60	37807.55	36102.35	134.65	112.35	11181.45	10637.15
September, 2019	154.15	119.10	39441.12	35987.80	154.45	119.30	11694.85	10670.25
October, 2019	145.95	125.00	40392.22	37415.83	145.80	126.70	11945.00	11090.15
November, 2019	148.00	126.05	41163.79	40014.23	148.00	128.55	12158.80	11802.65
December, 2019	137.50	123.45	41809.96	40135.37	137.85	123.60	12293.90	11832.30
January, 2020	146.45	131.90	42273.87	40476.55	146.50	131.80	12430.50	11929.60
February, 2020	147.10	126.90	41709.30	38219.97	147.50	126.75	12246.70	11175.05
March, 2020	135.45	67.65	39083.17	25638.90	135.95	67.50	11433.00	7511.10

**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 &amp; 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:**

KFin Technologies Private Limited  
(formerly known as Karvy Fintech Private Limited)  
UNIT : Greaves Cotton Limited  
Karvy Selenium Tower B,  
Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad – 500 032

Telephone Number:  
+91 40 6716 2222  
Fax Number:  
+91 40 2342 0814  
Email Id: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Website: [www.kfintech.com](http://www.kfintech.com)

## 7.8 Share Transfer System

We have appointed KFin Technologies Private Limited ('KFINtech') as the Registrar and Share Transfer Agent to handle shares and shareholders related matters. KFINtech has adequate infrastructure to process share transfer related matters. In compliance with Regulation 40(9) of the Listing Regulations, the Company obtains certificate from a Company Secretary in Practice confirming the issue of share certificates for transfer, sub-division, consolidation etc., and submits a copy thereof to the Stock Exchanges in terms of Regulation 40(9) of Listing Regulations on a half-yearly basis to the effect that all the transfers are completed within the statutory stipulated period. A copy of the certificate, so received, is submitted to both Stock Exchanges, where the shares of the Company are listed.

In terms of Regulation 40 of the Listing Regulations, the companies are not allowed to process any request for effecting transfer of securities in physical mode except in case of transmission or transposition of securities. The Stakeholders Relationship and Share Transfer Committee meets as and when required to, inter alia, consider the transmission/transposition proposals, issue of duplicate share certificates, attend to Shareholders' grievances, etc.

The shareholders holding shares in physical form are requested to get their shares dematerialized at the earliest to avoid any inconvenience in future while transferring the shares. Shareholders are accordingly requested to get in touch with any Depository Participant having registration with SEBI to open a Demat account or alternatively, contact the nearest branch of KFINtech to seek guidance in the demat procedure.

## 7.9 Shareholding Pattern as on 31<sup>st</sup> March 2020

Category	Number of Shares held	Percentage of Shareholding
Promoters	12,67,49,177	54.82
Mutual Funds	59,16,369	2.56
Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-Government Institutions)	1,85,75,987	8.03
Corporate Bodies/Clearing Members	24,43,827	1.06
Foreign Portfolio Investors	3,61,62,766	15.64
NRIs/ OCBs/ FIIs	21,88,141	0.95
Resident Individuals/Trust	2,99,68,779	12.96
IEPF	10,65,392	0.46
Qualified Institutional Buyer	15,90,000	0.69
Alternative Investment Fund	65,46,357	2.83
<b>Total</b>	<b>23,12,06,795</b>	<b>100.00</b>

## 7.10 Distribution of Shareholding as on 31<sup>st</sup> March 2020

Number of shares	Number of shareholders	Percentage	Number of Shares	Percentage
Upto 2,500	75,335	97.14	1,76,45,314	7.63
2,501 to 5,000	1,273	1.64	45,19,900	1.95
5,001 to 10,000	562	0.72	39,24,718	1.70
10,001 to 15,000	117	0.15	14,37,884	0.62
15,001 to 20,000	73	0.09	12,85,547	0.56
20,001 to 25,000	44	0.06	9,69,497	0.42
25,001 to 50,000	53	0.07	18,13,921	0.78
50,001 & above	99	0.13	19,96,10,014	86.33
<b>Total</b>	<b>77,556</b>	<b>100.00</b>	<b>23,12,06,795</b>	<b>100.00</b>

**7.11 Dematerialization of Shares and Liquidity**

The Company's shares can be traded on the Stock Exchanges only in dematerialized form. 98.94% of the total Equity Share Capital was held in dematerialized form as on 31<sup>st</sup> March 2020.

The ISIN number allotted to the Company's shares is INE224A01026.

The details of shares held in dematerialised and physical form as on 31<sup>st</sup> March 2020 are as follows:

Particulars	Equity Shares of ₹ 2 each		Shareholders	
	Number	% of total	Number	% of total
<b>Dematerialized form</b>				
NSDL	21,92,67,254	94.84	43,508	56.10
CDSL	94,69,521	4.10	26,865	34.64
<b>Sub- total</b>	<b>22,87,36,775</b>	<b>98.94</b>	<b>70,373</b>	<b>90.74</b>
Physical form	24,70,020	1.06	7,183	9.26
<b>Total</b>	<b>23,12,06,795</b>	<b>100.00</b>	<b>77,556</b>	<b>100.00</b>

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 and hence as on 31<sup>st</sup> March 2020, the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

**7.13 Shares in the Suspense Account**

No shares were lying under the demat account opened with Axis Bank Limited for holding unclaimed shares in the name and style of "Greaves Cotton Limited- Unclaimed Shares Demat Suspense Account". Therefore, during the year under review, the said account was closed by the Company.

**7.14 Plant Locations**

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

**7.15 Address for Correspondence**

**Greaves Cotton Limited**  
Unit No. 701, 7<sup>th</sup> Floor, Tower 3,  
Equinox Business Park, LBS Marg,  
Kurla West, Mumbai- 400070

Telephone number: +91-22-62211700  
Fax number : +91-22-62217499  
E-mail: [investorservices@greavescotton.com](mailto:investorservices@greavescotton.com)  
Website: [www.greavescotton.com](http://www.greavescotton.com)

**7.16 Weblink of Familiarisation Programme**

Pursuant to the requirements of Schedule IV of the Act and Regulation 25(7) of Listing Regulations, 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](http://www.greavescotton.com) and can be accessed through the following link [http://www.greavescotton.com/php/media/brochure\\_files/Familiarisation%20Programmes%20for%20Directors%202019-20.pdf](http://www.greavescotton.com/php/media/brochure_files/Familiarisation%20Programmes%20for%20Directors%202019-20.pdf)

### 7.17 Credit Rating

List of all credit ratings obtained by the Company along with any revisions thereto during the financial year, for all debt instruments of the Company or any fixed deposit programme or any scheme or proposal of the Company involving mobilization of funds, whether in India or abroad - Not Applicable.

## 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. AFFIRMATIONS AND DISCLOSURES

- 9.1 **Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) - Not applicable.**
- 9.2 **A certificate from a company secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority - The Certificate of Company Secretary in Practice is attached as Annexure D.**
- 9.3 **Where the Board had not accepted any recommendation of any committee of the Board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof - Not Applicable.**
- 9.4 **Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part - The Company and Ampere Vehicles Private Limited, wholly owned subsidiary of the Company, have a common Statutory Auditor. The fees paid to the Statutory Auditors by the Company and its subsidiaries are disclosed in the Standalone and Consolidated Financial Statements of the Company.**
- 9.5 **Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013- There were no complaints filed during the year.**
- 9.6 **During the year under review, there were no instances of Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) of Part C of Schedule V to the Listing Regulations.**

## 10. DISCLOSURES OF COMPLIANCE WITH CORPORATE GOVERNANCE

During the year under review, the Company is in compliance of Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

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

**All the mandatory requirements of Regulation 34(3) of the Listing Regulations have been complied with.**

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

### 11.1 The Board

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

It complies with the requirement of having separate persons to the post of Chairman and Managing Director / CEO.

### 11.2 Shareholder Rights

The results are promptly displayed on the Company's website [www.greavescotton.com](http://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.

### 11.3 Audit qualifications

The audit report is with unmodified opinion (unqualified).



**11.4 Reporting of Internal Auditor**

The Chief Internal Auditor reports to the Head- Legal, Internal Audit & Company Secretary 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.

**Annexure A**

**The Directorships of the Directors in other listed entities along with the category of directorships are as follows:**

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Name of Listed Entity</b>	<b>Category</b>
01.	Mr. Arvind Kumar Singhal	Welspun India Limited	Independent Director
		Blue Star Limited	Independent Director
02.	Mr. Kewal Handa	Clariant Chemicals (India) Limited	Independent Director
		R M Drip and Sprinklers Systems Limited	Independent Director
		Mukta Arts Limited	Independent Director
		Union Bank of India	Part-time Non Official Director as well as Non-Executive Chairman
03.	Mr. Subbu Venkata Rama Behara	KPIT Technologies Limited	Independent Director

## Annexure B

# Certification

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

We, Nagesh Basavanhalli, Managing Director & CEO and Amit Mittal, 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 31<sup>st</sup> March 2020 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 were no significant changes in internal control over financial reporting during the year;
  - b) there were no significant changes in accounting policies during the year; and
  - c) there were no instances of significant fraud of which we have become aware and there are no instances of involvement of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Greaves Cotton Limited

**Nagesh Basavanhalli**  
Managing Director & CEO  
DIN: 01886313

Place: Mumbai  
Date: 5<sup>th</sup> June 2020

**Amit Mittal**  
Chief Financial Officer

## Annexure C

# 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 31<sup>st</sup> March 2020.

For Greaves Cotton Limited

**Nagesh Basavanhalli**  
Managing Director & CEO  
DIN: 01886313

Place: Mumbai  
Date: 5<sup>th</sup> June 2020

## Annexure D

# Certificate of Non-Disqualification of Directors

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
**Greaves Cotton Limited**  
Unit No. 701, 7<sup>th</sup> Floor, Tower 3,  
Equinox Business Park, LBS Marg,  
Kurla West, Mumbai – 400070

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Greaves Cotton Limited having CIN L99999MH1922PLC000987 and having registered office at Unit No. 701, 7<sup>th</sup> Floor, Tower 3, Equinox Business Park, LBS Marg, Kurla West, Mumbai – 400070 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company, as stated below for the Financial Year ended on 31<sup>st</sup> March 2020, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority .

Sr. No.	Name of Director	DIN	Date of appointment in the Company
1	Mr. Karan Thapar	00004264	29/09/1991
2	Mr. Nagesh Basavanhalli	01886313	27/09/2016
3	Mr. Mohanan Manikram	08555030	05/11/2019
4	Mr. Arvind Kumar Singhal	00709084	01/11/2013
5	Mr. Kewal Handa	00056826	06/05/2016
6	Ms. Sree Patel	03554790	14/02/2017
7	Mr. Vinay Sanghi	00309085	04/08/2017
8	Mr. Vikram Tandon*	01727251	07/08/2007
9	Mr. Subbu Venkata Rama Behara**	00289721	28/05/2020

\* resigned w.e.f. 27<sup>th</sup> April 2020.

\*\* appointed w.e.f. 28<sup>th</sup> May 2020.

Please note that the change in composition of Board of Directors of the Company from 31<sup>st</sup> March 2020 and date of this Certificate is reflected in the above table.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Sunny Gogiya & Associates,**

**Sunny Lakhmichand Gogiya**

Practising Company Secretary

Membership No.: A56804

CP No.: 21563

UDIN: A056804B000313819

Place: Mumbai

Date: 3<sup>rd</sup> June 2020

## Annexure E

# 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 reference no. RKB/7894A dated 24<sup>th</sup> October, 2019.
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 31<sup>st</sup> March 2020, 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 31<sup>st</sup> March, 2020.
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)

UDIN : 20046930AAAACE9590

MUMBAI, 5<sup>th</sup> June 2020

# Business Responsibility Report

For the Financial Year 2019-20

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company:**  
L99999MH1922PLC000987
- Name of the Company:** Greaves Cotton Limited
- Registered address:** Unit No. 701, 7<sup>th</sup> Floor, Tower 3, Equinox Business Park, LBS Marg, Kurla West, Mumbai- 400070
- Website:** [www.greavescotton.com](http://www.greavescotton.com)
- E-mail id:** [investorservices@greavescotton.com](mailto:investorservices@greavescotton.com)
- Financial Year reported:** 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020
- 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

- List three key products/services that the Company Manufactures/provides (as in balance sheet):**
  - Automotive Business:**
    - Automotive Engines - Single cylinder automotive diesel Engines, CNG Engines, Multi cylinder diesel engines
  - Non Automotive Business:**
    - Farm Equipment - Petrol, Kerosene Portable Engines, Portable Pump sets, Power Tiller, Reaper, Rotavator
    - Auxiliary Power - Portable Gensets 5 to 7.5 KVA, Industrial Gensets 10 KVA to 1250 KVA
    - Industrial Engines
  - Greaves Retail outlets – One stop shop for Sales, Service & Spares needs for last mile e-mobility needs
  - Electric Mobility- Range of stylish, affordable and reliable e-scooters with promise of making Everyday mobility exciting through Ampere Vehicles Private Limited, wholly-owned subsidiary of the Company.
  - Greaves Finance- Aims at providing easy finance options to prospective electric vehicle buyers, hence enabling millions of people embrace eco-friendly vehicles through Greaves Leasing Finance Limited, wholly-owned subsidiary of the Company.

- Greaves Global- Growing global footprint with presence in markets like Indian sub-continent, South-east Asia, Africa, etc.

- Total number of locations where business activity is undertaken by the Company:**
  - Number of International Locations: Nil
  - Number of National Locations: 5 (manufacturing facilities)
- Markets served by the Company – Local/State/National/International:** All

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital (INR) :** ₹ 46.24 crore
- Total Turnover (INR) :** ₹ 1840.95 crore
- Total profit after taxes (INR) :** ₹ 147.51 crore
- Total Spending on Corporate Social Responsibility (CSR) and as percentage of profit after taxes (%):** ₹ 4.62 crore (3.13%)
- List of activities in which expenditure in 4 above has been incurred:**
  - DEEP CSR program – Program targeted towards skilling of the underprivileged students for better employment opportunity – Investment ₹ 3.95 crore
  - Scholarship Program – program under CSR to support to provide financial assistance to the students to complete their education – Investment ₹ 0.07 crore
  - PRIME CSR program – Program targeted towards providing entrepreneurship skills to mechanics with dignified engagement of rural youth with techno-commercial skills – Investment ₹ 0.19 crore
  - Health and Environment Programs – Under these initiatives, tree plantation and support in the times of pandemic to the society was executed – Investment ₹ 0.41 crore

## SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies?** Yes. The Company has 3 subsidiaries as on 31<sup>st</sup> March 2020. During the year, the Company acquired remaining 32.66% shareholding in Ampere Vehicles Private Limited (Ampere). Pursuant to which, Ampere has become a wholly owned subsidiary of the Company.

**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 necessitated 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. 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 Vendors 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 material. This is adapted/being rapidly adapted across other Businesses of the Company.

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

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:** 08555030

**Name:** Mr. Mohanan Manikram

**Designation:** Executive Director

**Tel No. :** 022-62211700

**Email ID :** [m.mohanan@greavescotton.com](mailto: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....?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	N	Y	N	Y	Y	N	N	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
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	N	Y	N	Y	Y	N	N	N
4.	Has the policy being approved by the Board? If yes, has it been signed by MD /owner / CEO / appropriate Board Director?	Y	N	Y	N	Y	Y	N	N	N
5.	Does the Company have a specified committee of the Board /Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	Note 2	N	Note 2	N	Note 2	Note 2	N	N	N
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	N	Y	N	Y	Y	N	N	N
8.	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	N	Y	N	Y	Y	N	N	N

Note 1: The policies conform to the principles laid down in the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business.

Note 2: 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](http://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) – Not Applicable**

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									

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
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?**- No

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.**

The Company has different mechanisms for receiving and dealing with complaints from various stakeholders like Customers, Employees, Suppliers, etc. During the financial year 2019-20, 7 (Seven) complaints were received from the shareholders, all of which were attended and satisfactorily resolved. The details of complaints received from other stakeholders is specified under principle 9.

## 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?**

### 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.**

Business	Social and Environmental benefits
Automotive Business	Automotive Engine  Highly fuel efficient, Greaves lightweight diesel engines meeting BS IV emission norms are ideal for Automotive Engines applications like 3-wheelers and small 4-wheeled commercial vehicles. The Company has also launched world's first BS VI compliant 3 wheelers clean diesel engine. This BS VI single cylinder engine is built for affordable 3-wheeler application, providing better torque, enhanced load carrying capabilities & significantly reduced emissions. The Company has invested in providing solution for CNG/Petrol segment with latest technology of CREST (Clean Responsible technology) engines that offer upto 30% better fuel efficiency than existing engine range with 30% lesser emission.
Non-Automotive Business	a) Auxiliary Power business  Greaves has a smart range of portable gensets that exhibit higher efficiencies, compactness, higher reliability and have a compact footprint with reliable after sales service. With applications in commercial and residential complexes, it is powering critical installations and multifarious, applications benefitting everyday life.



Business	Social and Environmental benefits
	<p>Greaves gensets have a low footprint, low TCO, low noise level which are backed by 24X7 service and spares facility. To focus on alternate energy, the Company has set up a dedicated team to explore clean energy product options in power segment.</p> <p>b) Farm Equipment business:</p> <p>Greaves manufactures a wide range of pump sets, power tillers and light agri equipment that are powerful, reliable and fuel-efficient. These are Made-in-India and require low maintenance. Farmers have benefitted with mechanised farming made simpler using Greaves light agri equipment- including brush cutter, reaper, weeder sprayer and mini power tiller.</p> <p>Thus from land preparation to harvesting, Greaves plays an important role in enhancing productivity at every stage of the product cycle with mechanised equipment to help farmers.</p> <p>c) Industrial Engines:</p> <p>Company's non-automotive small 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 1.5HP-700HP models, Greaves Automotive engines are manufactured at ISO 9001 / TS16949 / EMS14000 certified Units in Aurangabad.</p>
Electric Mobility	<p>Giving access of electric mobility solutions, Ampere specializes in last Mile affordable mobility solutions. With proven EV expertise of more than 10 years, Ampere offers the right reasons to opt for electric scooters. With strong base of 50,000+ customers &amp; growing, Ampere is developing an ecosystem for affordable &amp; sustainable solutions for clean last mile in India. In the last 10 years, Ampere has saved 25,000 litres of petrol and 38,000 tons of CO2 emission reduced, which is equivalent to plantation of 30,000 + trees.</p>

**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	UOM	Previous Yr. 2018-19	Current Yr. 2019-20
<b>Specific Energy Consumption</b>	Automotive Engine Business(AEB)	Units/Engine	30.4	32
	Industrial Engine Business(IEB)	Units/Eq. Engine	197	179
	Farm Equipment Business (FEB)	Units/Engine	8.63	9.45
<b>Specific water Consumption</b>	Automotive Engine Business, Aurangabad	M <sup>3</sup> /Engine	0.21	0.20
	Industrial Engine Business	M <sup>3</sup> /Eq. Engine	1.80	1.52
	AEB & FEB, Ranipet	M <sup>3</sup> /Engine	0.17	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.**

Suppliers are on-boarded keeping sustainability factors in mind. Regular MSA (Manufacturing Site assessments) are planned

and Supplier Capability enhancement are planned through Quality circles with focus on Improving QCD and Direct on line supplies. 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 97% of the components purchased by the Company for its Automotive Engines Business, Auxillary Power Business, Aftermarket Business and Industrial Engines Business are procured from local suppliers. In AEB, 100% tier-1 component suppliers are local suppliers. In other businesses about 2-3% of Components are procured by way of imports. 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.

**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:** 1521
2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis:** 1390
3. **Please indicate the Number of permanent women Employees:** 71
4. **Please indicate the Number of permanent employees with disabilities:** 1
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?** 17%
7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, 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:** 75%
- b. **Permanent Women Employees:** 85%
- c. **Casual/Temporary/Contractual Employees:** 70%
- d. **Employees with Disabilities:** 100%

**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/No**  
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 work 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. We are also encouraging MSME to make use of Trade Receivables Discounting System (TReDS) by RBI for managing finances.

**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 supports and respects the protection of internationally proclaimed human rights, labour standards

and environmental protection measures. The Company does not hire child labour, forced labour or involuntary labour and the practice extends to the entire Group. The Suppliers / Contractors / NGOs dealing with the Company are always encouraged to maintain ethical standards in all their practices.

**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 2019-20, 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? Y/N. If yes, please give hyperlink for webpage etc.**

The Company is conscious of the importance of environmentally clean and safe operations. The Company has initiated new projects across its various business units in the direction of clean energy and will be launching them soon. At Greaves we have reimagined the future of Mobility ecosystem with clear focus on transformative technology. And working on this direction relentlessly, we have today a range of energy efficient products & services as offering in affordable last mile transportation.

In newly acquired Ampere vehicles, we have been accelerating the mission of affordable clean mobility solutions for emerging India. Today, more than 50,000+ happy users of Ampere vehicles have experienced freedom with low operation and running cost, hence improving their savings. Facilitating cleaner and greener mobility, Ampere vehicles has been instrumental in saving 35+ thousand tonnes of Carbon Emission.

**3. Does the Company identify and assess potential environmental risks? Y/N**

Yes, the Company is ISO 14001:2015 Certified company and identifies and assesses potential environmental aspects and their risks and mitigate the risk by using determination controls.

**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:- The Solar rooftop panel installed at the Shendra Plant comes as a part of the conscious sustainability development plan. At Greaves, we are committed towards taking concrete steps in the direction of cleaner and greener tomorrow. This plan is aligned in the direction to build energy efficiency, secure resource optimization, optimise smart use of renewable resources which will eventually save the planet & contribute in fighting climate change.
2. Water Conservation: In addition to the rain water harvesting project, this year we have introduced rain water conservation scheme that includes collection of rain water in two farm lakes of capacity 35 lacs and 14 lacs each, constructed in the premises of our Aurangabad plant.
3. Waste Food Recycling: We ensure hygienic disposal of food waste. We are introducing Automatic Organic Waste Converter where in all the food waste will be processed and can be used as an organic fertilizer in gardening.
4. 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.
5. 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.
6. Land pollution: We ensure there is not land contamination due to any manufacturing process.

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

The Company have technologies which have set the new standard 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:

- Installation of rooftop solar panels at both the manufacturing facilities in Aurangabad.
- Installation of variable frequency drives for machines.
- Replacement & conversion of all the lights into LED lamps which provides better illumination & are energy efficient.
- Conversion of machine lamps into LED lamps for all the machines added for BS-VI engines.
- Installation of variable frequency drives for compressor.
- Modified the blower motors to reduce its power consumption.
- Use of energy efficient pumps in machine shop and cooling towers.
- Power saving through use of Condition Base Monitoring (CBM) tool for efficiency improvements.
- Monitoring and controlling of Air Consumption.
- All machine accessories are linked with basic machine idle time running OFF mode.
- Power savings from one row of Test Cell by re-shuffling 2 test beds and switched off one set of blowers.
- Real time clock incorporated for switching off the Blowers and cooling pump during shift end and week end for Engine Assembly.
- Excess capacity reduced from 5HP to 3HP for Solar evaporation in Effluent Treatment Plant (ETP) area.
- PLC Program modified to stop hydraulic motor & coolant motors in idle running hours in crank shaft HMT Hobbing machines.
- Wiring circuit modified to stop coolant motor in idle running hours in crank case Mazak machines.
- Installation of "Air Saving Unit" to compressors to reduce loading hours and save energy by 3-5%.
- Installation of Inverter drive pack in hydraulic circuit of Vertical machining centres.
- Auto Power Factor Control panel (APFC) with detuned capacitor to get Clean Power without harmonic distortion.
- Control contractors provided for fume killers with machine and linked with machine idle power saving mode.
- Inclusion of electric powered water pumps in farm portfolio.
- Initiated Drip irrigation product in farm portfolio as part of micro irrigation practice saving water for future. More crop per drop remains the guiding thought while we accelerate this further.

- Greaves believes in thought of providing responsible technology which helps deliver energy efficient products & services. In this direction the Company has started selling battery powered e-rickshaws in commercial mobility domain. This save more every km of drive, without any fuel & with zero emission.
- In affordable personal mobility segment, the Ampere range of e-mobility solutions has seen good acceptance owing to significantly low operating cost, savings on fuel, maintenance cost while saving the planet from tailpipe emission.
- Lastly the Greaves CNG vehicles with significantly low TCO have started enabling India cut down carbon load from the environment while saving the national exchequer on the fuel cost.

**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 Commerce
- c. Indo-Italian Chamber of Commerce and Industry

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; 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 CCI, 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 as well as through external agencies.

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

The progress of CSR activities under implementation are reported to the Committee, on a periodic basis. 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?**

**Program 1 – DEEP (Development: Education: Empowerment: Progress) – Reskilling program for students:**

The Company has continued with its Corporate Social Responsibility (CSR) project by focusing on Reskilling under program name called – DEEP, a concerted effort to provide training and skill to those people who aspire to grow but lack financial support. Through DEEP, Company provided classroom, & practical training with inputs from last year’s

training and helped underprivileged students from the under-served population of Aurangabad & Pune to work on assembly lines and get proficient in repairing engines.

**Program 2 – PRIME:** A program to upskill auto- mechanics by imparting training at multiple geographical areas in the country. A 1-day training program, where Greaves invite the mechanics, where everyone learns from each other under technical experts.

**Program 3 – Caring for the Environment:** Other initiatives of contribution in tree plantation to revive the Cauvery River; tree plantation in our factory premises; drip irrigation setup installed at public properties, etc. were the projects involved.

**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.**

The Company has helped 199 beneficiaries in skill training so far, which is making them independent to earn under DEEP program. Greaves is supporting students who belong to the families of our stakeholders (customers) and are in need of financial assistance to complete their education.

Supporting education and reskilling programs, the Company aims to create aware citizens in the society who will step ahead and be the driver of change in their communities.

**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 2019-20:

Division	Total Customer Complaints (Phenomena) Registered in this period	Open	Close	Open %	Close %
Automotive Engine	2661	7	2654	0.26	99.74
Industrial Engine & Auxiliary Power	5678	0	5678	0	100
Farm Equipment	2852	0	2852	0	100

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

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. Company regularly take customer’s feedback during the design and development of product and service initiatives.

The background is a solid blue color with a pattern of various geometric shapes and lines in lighter shades of blue. These include squares, circles, triangles, and lines of varying lengths and orientations, some forming a grid-like structure. The shapes are scattered across the page, creating a modern, digital aesthetic.

# FINANCIAL STATEMENTS

# Independent Auditor's Report

## To The Members of Greaves Cotton Limited

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of Greaves Cotton Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Assessment of carrying value of unquoted equity instruments in subsidiary – Ampere Vehicles Private Limited ("Ampere")</b></p> <p>The impairment review of unquoted equity instruments in Ampere, with a carrying value of ₹ 176.30 crores, is considered to be a risk area due to the size of the balance as well as the judgmental nature of key assumptions such as projections of Revenue, EBITDA, weighted average cost of capital and terminal growth rate considered for the purpose of valuation.</p> <p>The carrying value of such unquoted equity instruments in Ampere is at risk of recoverability. During the current year, impairment indicators (operating losses and negative cash flows) were identified by the management in its investment in the subsidiary. The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting of Revenue, EBITDA and weighted average cost of capital and terminal growth rate used for discounting future cash flows.</p> <p>(Refer note 3(e) and 7A to the standalone financial statements)</p>	<p><b>Principal Audit Procedures performed:</b></p> <ul style="list-style-type: none"> <li>Evaluated the design and tested the operating effectiveness of internal controls implemented by the Company relating to identification of impairment indicators and valuation of investment in subsidiaries;</li> <li>Evaluated the objectivity and independence of the specialist engaged by the Company and reviewed the valuation report issued by such specialist;</li> <li>Engaged internal fair valuation expert to test the appropriateness of the management's underlying assumptions such as weighted average cost of capital, terminal growth rate considered and appropriateness of the valuation model used;</li> <li>Compared the Company's assumptions with comparable benchmarks in relation to key inputs such as long-term growth rates and discount rates;</li> <li>Assessed the appropriateness of the forecasted projections of Revenue and EBITDA within the budgeted period based on understanding of the business and sector experience;</li> <li>Performed a sensitivity analysis in relation to weighted average cost of capital; and</li> <li>Assessed the adequacy of the disclosures made in the financial statements.</li> </ul>

Sr. No.	Key Audit Matter	Auditor's Response
2	<p><b>Inventories – Existence</b></p> <p>The Company's management conducts physical verification of inventories during the year at reasonable intervals, including appointing independent chartered accountants to perform physical verification of inventories at plants. However, on account of the COVID-19 related lockdown restrictions, management was unable to perform year end physical verification of inventories. Management has carried out other procedures to validate the existence of its inventory as at the year end, such as carrying out consumption analysis and stock movement analysis, performing roll-back procedures from the subsequent year end physical verification date to determine the quantities of the inventory at the balance sheet date.</p> <p>(Refer note 10 to the standalone financial statements)</p>	<p>We have performed the following alternate audit procedures to audit the existence of inventories as at the year-end, since we were not able to observe the physical stock verification:</p> <ul style="list-style-type: none"> <li>Understood the process and tested the management's internal controls to establish the existence of inventory in relation to the process of periodic physical verification carried out by the management, the scope and coverage of the periodic verification programme, the results of such verification including analysis of discrepancies, if any;</li> <li>At select locations subsequent to year end where the management appointed third party independent chartered accountants to perform physical verification, we have sent instructions to the third party chartered accountants to carry out the physical verification and also provided the samples to be verified by them. We have received the report of the physical verification carried out by the third party independent chartered accountants. Obtained the roll back procedures performed by the management from the subsequent year end physical verification date to arrive at the quantities as at the balance sheet date. Traced the samples physically verified by the third party independent chartered accountants in the roll back workings provided by the management.</li> <li>Tested the analytical reviews performed by the Company such as consumption analysis and stock movement analysis for the year in respect of key items of raw material and finished goods at factories.</li> </ul>

### Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Directors' Report including Annexures to Directors' Report, Business Responsibility Report and Corporate Governance, but does not include the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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 Ind AS and other accounting principles generally accepted in India. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.



## Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report 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.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2020 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 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.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- 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 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.
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)

(UDIN: 20046930AAAACA8744)

Place: Mumbai

Date: 5<sup>th</sup> June 2020

# 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”)

We have audited the internal financial controls over financial reporting of Greaves Cotton Limited (“the Company”) as of 31<sup>st</sup> March 2020 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 31<sup>st</sup> March 2020, based on the criteria for internal financial control over financial reporting 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 & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

**Rupen K. Bhatt**

(Partner)

(Membership No. 46930)

(UDIN: 20046930AAAACB1489)

Place: Mumbai

Date: 5<sup>th</sup> June 2020

## 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) According to the information and explanations given to us, the Company has granted loan, unsecured, to a subsidiary, which is covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
- (a) The terms and conditions of the grant of such loan are, in our opinion, prima facie, not prejudicial to the Company’s interest.
- (b) The schedule of repayment of principal and payment of interest has been stipulated.
- (c) There is no overdue amount remaining outstanding as at the year-end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits as at 31<sup>st</sup> March 2020 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- (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, Customs Duty, Goods and Service Tax Act, 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, Customs Duty, Goods and Service Tax Act, cess and other material statutory dues in arrears as at 31<sup>st</sup> March 2020, 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, Goods and Service Tax Act and Octroi which have not been deposited as on 31<sup>st</sup> March 2020, 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 Crore)*
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 1994-95 1999-00 to 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	1992-93 1998-99 1999-00 2003-04 2006-07 2008-09 2012-13 to 2017-18	28.44
Central Sales Tax Act, 1956 & Local Tax Act	Non submission of forms, interest and other matters	Before Assistant Deputy Commissioner/Additional Commissioner/Deputy Commissioner	2008-09 2016-17 2017-18	2.82
Central Excise Act, 1944	Disallowance of input credit and penalty	Commissioner (Appeals)	1991-92 2010-11 2011-12 2016-17 2017-18	1.36
Central Excise Act, 1944	Disallowance of input credit and penalty	Appellate Tribunal	2002-03 2005-06 2006-07 2008-09 2011-12 2012-13 2013-14 2014-15 2015-16 2016-17	21.26
Central Excise Act, 1944	Disallowance of input credit and penalty	Assistant Commissioner/ Deputy Commissioner/ Additional Deputy Commissioner/ Joint Commissioner/ Commissioner	1997-98 2008-09 2010-11 2011-12 2015-16 2017-18	2.37
Octroi Rules	Demand based on rate difference	Civil Judge, Senior Division, Pune, (District Court)	1999-00 2005-06	-

\* Net of amount paid under protest

- (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 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 material 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 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 the Order 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 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 & SELLS LLP**

Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Rupen K. Bhatt**

(Partner)

(Membership No. 46930)

(UDIN: 20046930AAAACA8744)

Place: Mumbai

Date: 5<sup>th</sup> June 2020

# Balance Sheet

as at 31<sup>st</sup> March 2020

(₹ in Crore)

	Note No.	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	4	223.14	234.89
(b) Capital work-in-progress		12.08	8.59
(c) Right-of-use assets	4 & 39	33.19	-
(d) Investment properties	5	-	3.46
(e) Intangible assets	6	49.24	22.70
(f) Intangible assets under development		56.49	62.40
(g) Financial assets			
(i) Investments			
(a) Investments in subsidiaries	7A	176.59	72.76
(b) Other investments	7B	-	228.16
(ii) Other financial assets	8A	8.39	9.39
(h) Income tax assets (Net)		29.63	23.03
(i) Deferred tax assets (Net)	19A	7.09	-
(j) Other non-current assets	9A	20.72	17.93
		<b>616.56</b>	<b>683.31</b>
<b>2 Current assets</b>			
(a) Inventories	10	171.18	115.19
(b) Financial assets			
(i) Other investments	7C	-	191.13
(ii) Trade receivables	11	238.85	336.51
(iii) Cash and cash equivalents	12	154.33	38.41
(iv) Bank balances other than (iii) above	13	33.90	3.95
(v) Other financial assets	8B	23.88	10.66
(c) Other current assets	9B	51.27	21.01
		<b>673.41</b>	<b>716.86</b>
<b>3 Assets classified as held for sale</b>	14	-	8.98
		<b>1,289.97</b>	<b>1,409.15</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	15	46.24	48.84
(b) Other equity	16	841.96	920.32
		<b>888.20</b>	<b>969.16</b>
<b>Equity attributable to the owners of the Company</b>			
<b>LIABILITIES</b>			
<b>1 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	39	11.42	-
(ii) Other financial liabilities	17A	-	4.13
(b) Provisions	18A	0.48	0.51
(c) Deferred tax liabilities (Net)	19A	-	7.00
(d) Other non-current liabilities	21A	24.05	14.60
		<b>35.95</b>	<b>26.24</b>
<b>2 Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	20	30.37	32.12
- Total outstanding dues of creditor's other than micro enterprises and small enterprises	20	248.70	287.30
(ii) Lease liabilities	39	3.95	-
(iii) Other financial liabilities	17B	39.98	38.68
(b) Provisions	18B	20.56	19.55
(c) Income tax liabilities (Net)		5.26	5.26
(d) Other current liabilities	21B	17.00	30.84
		<b>365.82</b>	<b>413.75</b>
		<b>1,289.97</b>	<b>1,409.15</b>
<b>Total Equity and Liabilities</b>			
<b>Notes forming part of the financial statements</b>	1-40		

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Rupen K. Bhatt**  
Partner

**Amit Mittal**  
Chief Financial Officer

**Atindra Basu**  
Head- Legal, Internal Audit &  
Company Secretary

For and on behalf of the Board

**Kewal Handa**  
Director

**Nagesh Basavanhalli**  
Managing Director & CEO

Mumbai, 5<sup>th</sup> June 2020



# Statement of Profit & Loss

for the year ended 31<sup>st</sup> March 2020

	Note No.	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
(₹ in Crore)			
<b>I Revenue from operations</b>	22	1,821.11	1,987.82
<b>II Other income</b>	23	19.84	41.63
<b>III Total income (I + II)</b>		<b>1,840.95</b>	<b>2,029.45</b>
<b>IV Expenses</b>			
Cost of materials consumed	24	1,117.12	1,262.52
Purchases of stock-in-trade	25	158.47	110.97
Changes in inventories of finished goods, stock-in-trade and work-in progress	26	(26.44)	(15.01)
Employee benefits expense	27	158.04	174.68
Finance costs	28	3.84	3.33
Depreciation and amortisation expense	29	52.17	48.83
Other expenses	30	185.79	179.93
<b>Total expenses</b>		<b>1,648.99</b>	<b>1,765.25</b>
<b>V Profit before exceptional items and tax</b>		<b>191.96</b>	<b>264.20</b>
<b>VI Exceptional items : Add/(Less)</b>	31	4.71	(17.87)
<b>VII Profit before tax</b>		<b>196.67</b>	<b>246.33</b>
<b>VIII Tax expense</b>			
Current tax		63.25	90.18
Deferred tax (credit) / charge		(14.09)	(13.15)
<b>Total tax expenses</b>	<b>19E</b>	<b>49.16</b>	<b>77.03</b>
<b>IX Profit for the year (VII - VIII)</b>		<b>147.51</b>	<b>169.30</b>
<b>X Other comprehensive income</b>			
<b>(i) Items that will not be reclassified to profit or loss</b>			
Remeasurements of the defined benefit plans : Gain / (Loss)		1.93	2.11
<b>(ii) Income tax relating to items that will not be reclassified to profit or loss</b>		(0.49)	(0.73)
<b>Other comprehensive income for the year</b>		<b>1.44</b>	<b>1.38</b>
<b>XI Total Comprehensive income for the year (IX + X)</b>		<b>148.95</b>	<b>170.68</b>
<b>XII Earnings per equity share of ₹ 2 each :</b>			
Basic & Diluted	34	6.16	6.93
<b>Notes forming part of the financial statements</b>	1-40		

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Rupen K. Bhatt**  
Partner

**Amit Mittal**  
Chief Financial Officer

**Atindra Basu**  
Head- Legal, Internal Audit &  
Company Secretary

For and on behalf of the Board

**Kewal Handa**  
Director

**Nagesh Basavanhalli**  
Managing Director & CEO

Mumbai, 5<sup>th</sup> June 2020

# Statement of Changes in Equity

for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

<b>A Equity share capital</b>	
<b>Balance as at 1<sup>st</sup> April 2018</b>	48.84
Changes in equity share capital during the year	-
<b>Balance as at 31<sup>st</sup> March 2019</b>	48.84
Buyback of equity shares (Refer note 15D)	(2.60)
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>46.24</b>

(₹ in Crore)

	Reserves and surplus						Total
	Capital reserve	Securities premium	General reserves	Capital redemption reserve	Employee share options	Retained earnings	
<b>B Other equity</b>							
<b>Balance as at 1<sup>st</sup> April 2018</b>	<b>1.34</b>	<b>34.59</b>	<b>346.18</b>	-	-	<b>529.45</b>	<b>911.56</b>
Profit for the year	-	-	-	-	-	169.30	169.30
Other comprehensive income (net of tax)	-	-	-	-	-	1.38	1.38
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	<b>170.68</b>	<b>170.68</b>
Dividends (including tax on dividends)	-	-	-	-	-	(161.92)	(161.92)
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>1.34</b>	<b>34.59</b>	<b>346.18</b>	-	-	<b>538.21</b>	<b>920.32</b>
<b>Balance as at 1<sup>st</sup> April 2019</b>	<b>1.34</b>	<b>34.59</b>	<b>346.18</b>	-	-	<b>538.21</b>	<b>920.32</b>
Profit for the year	-	-	-	-	-	147.51	147.51
Other comprehensive income (net of tax)	-	-	-	-	-	1.44	1.44
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	<b>148.95</b>	<b>148.95</b>
Buyback of equity shares (Refer note 15D)	-	-	-	-	-	(224.90)	(224.90)
Amount transfer to Capital redemption reserve on Buyback of equity shares (Refer note 15D)	-	-	-	2.60	-	(2.60)	-
Filing fees paid to SEBI on Buyback of equity shares	-	-	-	-	-	(1.15)	(1.15)
Payment made towards Listing Fees	-	-	-	-	-	(1.14)	(1.14)
Transition Impact of Ind AS 116 (Refer note 39)	-	-	-	-	-	(0.47)	(0.47)
Employee share options (Refer note 16A)	-	-	-	-	0.35	-	0.35
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>1.34</b>	<b>34.59</b>	<b>346.18</b>	<b>2.60</b>	<b>0.35</b>	<b>456.90</b>	<b>841.96</b>
Notes forming part of the financial statements				1-40			

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Rupen K. Bhatt**  
Partner

**Amit Mittal**  
Chief Financial Officer

**Atindra Basu**  
Head- Legal, Internal Audit &  
Company Secretary

For and on behalf of the Board

**Kewal Handa**  
Director

**Nagesh Basavanhalli**  
Managing Director & CEO

Mumbai, 5<sup>th</sup> June 2020

# Statement of Cash Flows

for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
<b>Cash flows from operating activities</b>		
<b>Profit for the year (after tax)</b>	<b>147.51</b>	<b>169.30</b>
<b>Adjustments for:</b>		
Income tax expense	49.16	77.03
Finance costs	3.84	3.33
Interest income	(8.26)	(3.04)
Profit/Loss on sale of property, plant & equipment (Net)	0.27	(0.42)
Asset under development written off	3.93	-
Profit on sale of property, plant & equipment (exceptional item)	(10.76)	(2.63)
Provision for fixed deposit with IL&FS (exceptional item)	-	20.50
Fair value gain on investments (Including realised gain)	(4.78)	(30.89)
ESOP Expenses	0.35	-
Depreciation and amortisation expenses	52.17	48.83
Unrealised foreign exchange loss/(gain)	(0.90)	0.84
<b>Operating profit before working capital changes</b>	<b>232.53</b>	<b>282.85</b>
<b>Adjustment for movements in working capital:</b>		
Trade receivables	98.18	(84.34)
Inventories	(55.99)	(5.77)
Other assets	(37.82)	(5.50)
Trade payables	(40.48)	46.59
Provisions	2.91	(0.30)
Other liabilities	(9.22)	23.17
<b>Cash generated from operations</b>	<b>190.11</b>	<b>256.70</b>
Less: Income taxes paid	(70.34)	(91.75)
<b>Net cash generated from operating activities (A)</b>	<b>119.77</b>	<b>164.95</b>
<b>Cash flows from investing activities</b>		
Payments for purchase of property, plant and equipment and capital work-in-progress	(35.78)	(27.33)
Payments for purchase of intangible assets	(38.58)	(47.88)
Proceeds from disposal of property, plant and equipment	14.52	3.59
(Purchase) / (reinvestment) of financial assets	(1,174.63)	(1,378.75)
Proceeds on sale of financial assets	1,598.72	1,492.69
Inter corporate deposits placed	-	(100.85)
Inter corporate deposit matured	-	135.35
Bank deposits placed	(30.00)	-
Interest received	6.23	4.57
Investment in subsidiary	(103.83)	(72.47)
Loan given to subsidiary	(3.00)	-
<b>Net cash generated from / (used in) investing activities (B)</b>	<b>233.65</b>	<b>8.92</b>
<b>Cash flows from financing activities</b>		
Dividends paid (including tax)	-	(161.92)
Payments towards Buyback of Equity Shares	(227.50)	-
Payment made towards Listing Fees	(1.14)	-
Filing fees paid to SEBI on Buyback of Equity Shares	(1.15)	-
Payment made towards lease liabilities	(5.30)	-
Interest paid	(2.41)	(3.33)
<b>Net cash used in financing activities (C)</b>	<b>(237.50)</b>	<b>(165.25)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>115.92</b>	<b>8.62</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>38.41</b>	<b>29.79</b>
<b>Cash and cash equivalents at the end of the year (Refer Note 12)</b>	<b>154.33</b>	<b>38.41</b>
<b>Notes forming part of the financial statements</b>	<b>1-40</b>	

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Rupen K. Bhatt**  
Partner

**Amit Mittal**  
Chief Financial Officer

**Atindra Basu**  
Head- Legal, Internal Audit &  
Company Secretary

For and on behalf of the Board

**Kewal Handa**  
Director

**Nagesh Basavanhalli**  
Managing Director & CEO

Mumbai, 5<sup>th</sup> June 2020

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 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, electric vehicles and 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 two direct and one indirect subsidiary.

The company is public limited company incorporated and domiciled in India. The address of its corporate office is Unit No. 701, 7<sup>th</sup> Floor, Tower 3, Equinox Business Park, LBS Marg, Kurla (West), Mumbai – 400 070.

The Financial statements for the year ended 31<sup>st</sup> March 2020 were approved by the Board of Directors and authorised for issue on 5<sup>th</sup> June 2020.

## Note 2. Summary of Significant Accounting Policies

### 2.1. Statement of compliance:

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

### 2.2. 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 than 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.

### 2.3. 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.

### 2.4. Revenue recognition:

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

Consequent to the introduction of Goods and Service Tax (GST) with effect from 1<sup>st</sup> July 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Ind-AS 18 on Revenue and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of Revenue.

#### 2.4.1. Sale of goods:

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 is recognising revenue as and when it satisfies the performance obligation by transferring promised goods to a customer and customer obtains control of the same;

- 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.

#### 2.4.2. 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.

#### 2.4.3. 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.

#### 2.5. 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 (INR), 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 retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in the statement of 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 expenses/ income over the period of contract.

#### 2.6. 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.

#### 2.7. Employee benefits:

##### 2.7.1. Defined Contribution Plans:

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.

Contribution to Superannuation Fund and National Pension Scheme, a defined contribution scheme, is made at pre-determined rates to the Superannuation Fund managed by Life Insurance Corporation and various asset management companies under National Pension Scheme and is charged to the statement of profit and loss. There are no other obligations other than the contribution payable to the Superannuation Fund & National Pension Scheme.

##### 2.7.2. 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 period 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.

### 2.7.3. 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.

## 2.8. Share-based payment arrangements

The stock options granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the General reserve within equity. The share based payment equivalent to the fair value as on the date of grant of employee stock options granted to key managerial personnel is disclosed as a related party transaction in the year of grant.

## 2.9. Taxation:

### 2.9.1. 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 by the end of the reporting period.

### 2.9.2. 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.

### 2.9.3. Current and deferred tax for the year:

Current and deferred tax are recognised in the statement of 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.

## 2.10. Property, plant and equipment:

Cost includes 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.

### 2.11. Investment Property:

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 the statement of 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.

### 2.12. Lease

At inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is, or contains, a lease if a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of commencement of a lease, the Company recognises a right-of-use asset ("ROU assets") and a corresponding lease liability for all leases, except for short term leases and low value leases. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. Lease payments to be made under such reasonably certain extension options are included in the measurement of ROU assets and lease liabilities. ROU assets are amortised on a straight-line basis over the asset's useful life or the lease period whichever is shorter

Lease liability is measured by discounting the lease payments using the interest rate of the incremental borrowing. Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Impairment of ROU assets is in accordance with the policy for impairment of non- financial assets.

The company has opted for exemption provided under Ind AS 116 for short-term leases and leases of low-value assets, hence the lease payments associated with those leases are treated as an expense on a straight-line basis over the lease term.

Effective 1<sup>st</sup> April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1<sup>st</sup> April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application.

### 2.13. Intangible assets:

#### 2.13.1. Intangible assets acquired separately:

Own developed intangible assets are capitalised at actual cost. Cost includes all expenses incurred for development of the intangible asset, up to the point the asset is ready for its intended use.

Intangible assets with finite useful lives that are acquired separately or own developed 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.

#### 2.13.2. Derecognition of intangible asset:

An intangible asset is derecognised 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 the statement of profit and loss when the asset is derecognised.

#### 2.13.3. Useful life of intangible assets:

Estimated useful lives of the intangible assets are as follows:

- i) Technical know-how is amortised over a period of 5 years.
- ii) Product development is amortised over a period of 3 to 5 years.
- iii) Computer software is amortised over a period of 4 years.

**2.14. Impairment of tangible and intangible assets other than goodwill:**

Property, Plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

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

**2.15. 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 or net realisable value, whichever is lower.

**2.16. 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.

**2.17. 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.

**2.18. Financial instrument:**

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

**2.19. Financial asset:**

All regular way purchases or sales of financial assets are recognised and derecognised 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

**2.19.1. 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 the statement of profit and loss. The net gain or loss recognised in the statement of 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.

**2.19.2. 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.

#### 2.19.3. Derecognition of financial assets:

The Company derecognises a financial asset when the 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.

#### 2.19.4. 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 the statement of profit and loss, except for those which are designated as hedging instruments in a hedging relationship.

### 2.20. Financial liabilities:

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

#### 2.20.1. 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 remeasurement recognised in the statement of profit and loss. The net gain or loss recognised in the statement of profit and loss is included in the 'other income / expense' line item.

#### 2.20.2. 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.

#### 2.20.3. Foreign exchange gains and losses:

For financial liabilities that are dominated 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'.

The fair value of financial liabilities dominated 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 the statement of profit and loss.

#### 2.20.4. Derecognition of financial liabilities:

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

### 2.21. 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 the statement of profit and loss immediately.

### 2.22. 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.

### Note 3. Critical accounting judgements and key sources of estimation uncertainty:

In the application of the Company's accounting policies, which are described in note 2, 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. Employee Benefits:

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 employment 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. Useful lives of property, plant and equipment & intangible assets:

The Company reviews the useful life of property, plant and equipment & intangible assets at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

#### 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 twenty four months.

#### d. Provisions and Contingent Liabilities:

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

#### e. Impairment of Investment in Subsidiary

The investment in subsidiaries are carried at cost and was tested for impairment in accordance with provisions applicable to impairment of non-financial assets. The recoverable amount is determined based on value in use. The determination of recoverable amount involves significant judgements such as future projection of revenue, EBITDA, weighted average cost of capital and terminal growth.

The recoverable amount is significantly dependant on achievement of revenue growth and any change in revenue growth projection could have an impact on recoverable value. The management has considered the CAGR of revenue growth 88% for the 5 years.

Based on the above, no impairment was identified as of 31<sup>st</sup> March 2020 as the recoverable amount is higher than carrying value.

#### f. Recoverability assessment of Assets:

In assessing the recoverability of assets such as investments, inventories, trade receivables and other assets, based on current indicators of future economic conditions the Company expects to recover the carrying amounts of its assets. The impact of the global health pandemic, COVID 19, may be different from that presently estimated and would be recognised in the financial statements when material changes to economic conditions arise.

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

Particulars	Freehold Land Buildings					Leasehold land			Furniture & fixtures		Office equipment		Vehicles		Leasehold improvements		Total Property, plant and equipment		
	3.44	76.97	20.07	231.10	3.63	7.80	0.39	3.73	0.39	0.05	3.39	(2.12)	5.00	0.39	5.00	12.47	(20.07)	347.13	
<b>Cost</b>																			
<b>Balance as at 1<sup>st</sup> April 2018</b>	3.44	76.97	20.07	231.10	3.63	7.80	0.39	3.73	0.39	0.05	3.39	(2.12)	5.00	0.39	5.00	12.47	(20.07)	347.13	
Additions	-	1.52	-	19.44	0.24	0.07	0.05	3.39	0.05	(0.05)	(2.12)	(10.80)						24.71	
Disposals	-	(0.01)	-	(7.17)	(0.32)	(1.13)	(0.05)	(2.12)	(0.05)			(10.80)						(10.80)	
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>3.44</b>	<b>78.48</b>	<b>20.07</b>	<b>243.37</b>	<b>3.55</b>	<b>6.74</b>	<b>0.39</b>	<b>5.00</b>	<b>0.39</b>	<b>0.39</b>	<b>5.00</b>	<b>(2.12)</b>	<b>5.00</b>	<b>0.39</b>	<b>5.00</b>	<b>12.47</b>	<b>(20.07)</b>	<b>361.04</b>	
Asset held for sale reclassified (Refer note 14)	-	12.47	-	-	-	-	-	-	-	-	-	-	-	-	-	12.47	-	0.12	
Asset reclassified to Right-of-use assets	-	-	(20.07)	-	-	-	-	-	-	-	-	-	-	-	-	-	20.07	20.07	
Additions	-	0.45	-	28.88	0.37	0.16	0.07	2.20	0.07	(0.02)	-	(4.17)						18.76	
Disposals	-	(1.49)	-	(2.66)	-	(0.02)	-	-	-	-	-	(4.17)						-	
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>3.44</b>	<b>89.91</b>	<b>-</b>	<b>269.59</b>	<b>3.92</b>	<b>6.88</b>	<b>0.46</b>	<b>7.20</b>	<b>0.46</b>	<b>0.39</b>	<b>7.20</b>	<b>(2.12)</b>	<b>7.20</b>	<b>0.46</b>	<b>7.20</b>	<b>12.47</b>	<b>(20.07)</b>	<b>381.40</b>	
<b>Depreciation</b>																			
<b>Balance as at 1<sup>st</sup> April 2018</b>	-	(10.85)	(0.68)	(86.58)	(2.13)	(1.75)	(0.10)	(2.06)	(0.10)	(0.07)	(0.79)	(32.24)						-	
Depreciation expense	-	(3.14)	(0.22)	(26.77)	(0.56)	(0.69)	(0.07)	(0.79)	(0.07)	(0.07)	(0.79)	(32.24)						-	
Disposals	-	0.01	-	7.06	0.28	1.05	0.04	1.80	0.04	0.04	1.80	10.24						-	
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>-</b>	<b>(13.98)</b>	<b>(0.90)</b>	<b>(106.29)</b>	<b>(2.41)</b>	<b>(1.39)</b>	<b>(0.13)</b>	<b>(1.05)</b>	<b>(0.13)</b>	<b>(0.13)</b>	<b>(1.05)</b>	<b>(126.15)</b>						-	
Adjustment on asset held for sale reclassified (Refer note 14)	-	(3.60)	-	-	-	-	-	-	-	-	-	(3.60)						(0.01)	
Asset reclassified to Right-of-use assets	-	-	0.90	-	-	-	-	-	-	-	-	0.90						(0.90)	
Depreciation expense	-	(4.57)	-	(25.80)	(0.47)	(0.71)	(0.04)	(1.36)	(0.04)	(0.04)	(1.36)	(32.95)						(4.85)	
Disposals	-	1.39	-	2.13	-	0.02	-	-	-	-	-	3.54						-	
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>-</b>	<b>(20.76)</b>	<b>-</b>	<b>(129.96)</b>	<b>(2.88)</b>	<b>(2.08)</b>	<b>(0.17)</b>	<b>(2.41)</b>	<b>(0.17)</b>	<b>(0.17)</b>	<b>(2.41)</b>	<b>(158.26)</b>						<b>(5.76)</b>	
<b>Carrying amount</b>																			
Balance as at 31 <sup>st</sup> March 2019	3.44	64.50	19.17	137.08	1.14	5.35	0.26	3.95	0.26	0.26	4.79	234.89						-	
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>3.44</b>	<b>69.15</b>	<b>-</b>	<b>139.63</b>	<b>1.04</b>	<b>4.80</b>	<b>0.29</b>	<b>4.79</b>	<b>0.29</b>	<b>0.29</b>	<b>4.79</b>	<b>223.14</b>						<b>33.19</b>	

Carrying amount of freehold building includes ₹ Nil (previous year ₹ 0.09 Crore) towards cost of ownership flats in co-operative housing societies / condominium.

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 5. Investment properties

(₹ in Crore)

Particulars	Investment properties
<b>Cost</b>	
Balance as at 1 <sup>st</sup> April 2018	4.29
Disposals	-
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>4.29</b>
Disposals	(4.04)
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>0.25</b>
<b>Depreciation</b>	
Balance as at 1 <sup>st</sup> April 2018	(0.63)
Disposals	-
Depreciation expense	(0.20)
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>(0.83)</b>
Disposals	0.64
Depreciation expense	(0.06)
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>(0.25)</b>
<b>Carrying amount</b>	
Balance as at 31 <sup>st</sup> March 2019	3.46
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>@</b>
Rental income from investment property for the year ended 31 <sup>st</sup> March 2019	0.24
<b>Rental income from investment property for the year ended 31<sup>st</sup> March 2020</b>	<b>-</b>
Direct operating expenses including repairs and maintenance arising from investment property that generated rental income for the year ended 31 <sup>st</sup> March 2019	0.09
<b>Direct operating expenses including repairs and maintenance arising from investment property that generated rental income for the year ended 31<sup>st</sup> March 2020</b>	<b>0.05</b>

@ Represents amount less than ₹ 1 lakh

Fair value of investment property

The company has obtained valuation of its investment properties from an independent valuer. The fair values were ₹ 5.24 Crore (previous year ₹ 13.74 Crore) (Level 3).

## Note 6. Intangible assets

(₹ in Crore)

Particulars	Technical knowhow	Product development	Computer software	Non-compete fees	Total Intangible assets
<b>Cost</b>					
Balance as at 1 <sup>st</sup> April 2018	14.95	34.35	11.39	-	60.69
Additions	0.08	2.21	1.33	5.00	8.62
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>15.03</b>	<b>36.56</b>	<b>12.72</b>	<b>5.00</b>	<b>69.31</b>
Additions	28.41	6.96	5.48	-	40.85
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>43.44</b>	<b>43.52</b>	<b>18.20</b>	<b>5.00</b>	<b>110.16</b>
<b>Amortisation</b>					
Balance as at 1 <sup>st</sup> April 2018	(9.78)	(12.97)	(7.47)	-	(30.22)
Amortisation expense	(2.58)	(11.43)	(2.01)	(0.37)	(16.39)
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>(12.36)</b>	<b>(24.40)</b>	<b>(9.48)</b>	<b>(0.37)</b>	<b>(46.61)</b>
Amortisation expense	(3.13)	(8.02)	(2.33)	(0.83)	(14.31)
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>(15.49)</b>	<b>(32.42)</b>	<b>(11.81)</b>	<b>(1.20)</b>	<b>(60.92)</b>
<b>Carrying Amount</b>					
Balance as at 31 <sup>st</sup> March 2019	2.67	12.16	3.24	4.63	22.70
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>27.95</b>	<b>11.10</b>	<b>6.39</b>	<b>3.80</b>	<b>49.24</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 7. Investments

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
	Nos.	Amount	Nos.	Amount
<b>Non-current (Unquoted)</b>				
<b>7A Investment in subsidiaries (fully paid)</b>				
<b>Equity instruments (at cost)</b>				
Greaves Leasing Finance Limited (Face Value of ₹ 10/- each)	2,50,000	0.29	2,50,000	0.29
Ampere Vehicles Private Limited (Face Value of ₹ 10/- each)	1,17,19,163	176.30	69,46,414	72.47
Refer Note 3(e) of significant accounting policies and Note 2 below				
<b>Sub-total</b>		<b>176.59</b>		<b>72.76</b>
<b>7B Other Investments</b>				
Investments in Mutual Funds (at fair value)		-		228.16
<b>Sub-total</b>		<b>-</b>		<b>228.16</b>
Aggregate carrying value of unquoted investments- Non current		<b>176.59</b>		<b>300.92</b>

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
	Nos.	Amount	Nos.	Amount
<b>Current (Unquoted)</b>				
<b>7C Other Investments</b>				
<b>Investments in Mutual Funds (at fair value)</b>				
<b>Sub-total</b>		<b>-</b>		<b>191.13</b>
Aggregate carrying value of unquoted investments- Current		-		191.13
Aggregate carrying value of unquoted investments- Mutual Funds		-		419.29
Aggregate cost of unquoted investment- Mutual Funds		-		368.56

### Note:

- The non-current investments in unquoted equity shares of subsidiaries are stated at amortised cost.
- During the year the Company acquired balance 47,72,749 shares having face value of ₹ 10 each for ₹ 103.83 Crore in Ampere Vehicles Private Limited, making it 100% subsidiary of the Company.
- The fair value of other investments (Non-current and Current) as at 31<sup>st</sup> March 2019 have been arrived at on the basis of Net Asset Value (NAV) declared by the Mutual Funds (Level 1).
- Also refer Note 32B.

### 7D Particulars of Investment made and Guarantee given with purpose in terms of section 186 (4) of the Companies Act, 2013

(₹ in Crore)

Name of the Entity	2019-20	2018-19	Purpose
<b>Investment</b>			
Ampere Vehicles Private Limited	103.83	72.47	Not Applicable
<b>Guarantee Given</b>			
Ampere Vehicles Private Limited	25.00	-	Corporate guarantee issued by the Company against working capital facilities provided by Kotak Mahindra Bank

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 8. Other financial assets

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>8A Non-current</b>		
Security deposits	6.14	7.20
Margin money deposits with Banks	2.22	1.84
Other assets- Employee advances, etc.	0.03	0.35
<b>Non-current total</b>	<b>8.39</b>	<b>9.39</b>
<b>8B Current</b>		
Export benefit receivables	0.90	2.14
Loan to subsidiary (Refer note 35 and note 1 below)	3.00	-
Security deposits	9.31	5.83
Derivative financial instruments	-	0.18
Fixed deposits with financial institutions	20.50	20.50
Less: Provision for doubtful deposits	(20.50)	(20.50)
	-	-
Interest receivable	2.07	0.09
Interest receivable from subsidiary (Refer note 35)	0.05	-
Other assets- Claims receivable, Employee advances, etc.	8.55	2.42
<b>Current total</b>	<b>23.88</b>	<b>10.66</b>
<b>Total</b>	<b>32.27</b>	<b>20.05</b>

### Note:

1. During the year Company granted loan of ₹ 3 Crore to its 100% subsidiary 'Greaves Leasing Finance Limited' at rate of 10% p.a. Loan amount is repayable within 6 months from the date of disbursement along with interest thereon. The borrower may use the loan for working capital purpose.
2. 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 32B)

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 9. Other assets

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>9A Non-current</b>		
Capital advances	6.99	4.38
Prepaid expenses	0.57	0.86
Balances with Customs, Port Trust, Central Excise etc.	13.16	12.69
<b>Non-current total</b>	<b>20.72</b>	<b>17.93</b>
<b>9B Current</b>		
Advances to suppliers	40.46	13.66
Prepaid expenses	1.70	2.13
Balances with Customs, Port Trust, Central Excise, GST etc.	6.05	5.22
Other advances (Gratuity)	3.06	-
<b>Current total</b>	<b>51.27</b>	<b>21.01</b>
<b>Total</b>	<b>71.99</b>	<b>38.94</b>

## Note 10. Inventories

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Inventories (lower of cost and net realisable value)</b>		
Raw materials	73.80	44.54
Work-in-progress	8.12	7.46
Finished goods	53.43	34.62
Stock-in-trade	28.30	21.33
Stores and spares	4.22	3.96
Loose tools	3.31	3.28
<b>Total</b>	<b>171.18</b>	<b>115.19</b>

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
1 Raw materials include in transit	3.09	5.47
Stock-in-trade include in transit	4.98	1.87

- 2 Short Term Finance facilities from Banks and Cash Credit (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 up to ₹ 20.96 Crore (previous year ₹ 18.13 Crore) and ₹ 8.57 Crore (previous year ₹ 8.28 Crore) respectively.

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 11. Trade receivables

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Trade receivables considered good- Secured*	67.22	195.03
Trade receivables considered good- Unsecured	171.63	141.48
Trade receivables- credit impaired	38.32	21.64
Allowance for doubtful debts (expected credit loss allowance)	(38.32)	(21.64)
	<b>238.85</b>	<b>336.51</b>

Note:

- Also refer Note 32  
\* Secured trade receivables are against letters of credit, bank guarantees and security deposits.
- Provision matrix  
The company has robust policy of provisioning. The Overdue debtors above 1 year is critically reviewed and necessary provisions between 50% to 100% is done.
- 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 up to ₹ 20.96 Crore (previous year ₹ 18.13 Crore) and ₹ 8.57 Crore (previous year ₹ 8.28 Crore) respectively.

## Note 12. Cash and cash equivalents

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Cash on hand	0.01	@
Cheques, drafts on hand	-	4.05
Fixed deposit with maturity less than 3 months	135.00	10.00
Balances with banks		
In current accounts	19.32	24.36
	<b>154.33</b>	<b>38.41</b>

@ Represents amount less than ₹ 1 lakh

## Note 13. Bank balances other than cash and cash equivalents

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Term deposits with maturity exceeding 3 months and less than 12 months	30.00	-
Unpaid dividend accounts	3.90	3.95
	<b>33.90</b>	<b>3.95</b>

## Note 14. Assets classified as held for sale

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Leasehold land and buildings thereon	-	12.59
Less: Impairment	-	(3.61)
	<b>-</b>	<b>8.98</b>

During the year, the company has reclassified asset held for sale into property, plant and equipment and right-of-use assets, as management does not see any opportunity in immediate future to sell the said leasehold land and buildings.

For the previous year, 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 31<sup>st</sup> March 2020

## Note 15. Equity share capital

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Authorised</b>		
25,00,00,000 Equity shares of ₹ 2 each	-	50.00
25,00,000 Redeemable preference shares of ₹ 100 each	-	25.00
37,50,00,000 Equity shares of ₹ 2 each	75.00	-
<b>Issued, subscribed and fully paid up</b>		
23,12,06,795 Equity shares of ₹ 2 each (PY 24,42,06,795 Equity shares of ₹ 2 each)	46.24	48.84
	<b>46.24</b>	<b>48.84</b>

Particulars	No. of shares	₹ in Crore
<b>15A Fully paid equity shares</b>		
As at 1 <sup>st</sup> April 2019	24,42,06,795	48.84
Less: Buyback of equity shares (Refer note 15D)	1,30,00,000	(2.60)
<b>As at 31<sup>st</sup> March 2020</b>	<b>23,12,06,795</b>	<b>46.24</b>

Particulars	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
	Number of shares held in the Company	Percentage of shares held	Number of shares held in the Company	Percentage of shares held
<b>15B Shares in the Company held by each shareholder holding more than 5% shares</b>				
<b>Fully paid equity shares</b>				
DBH International Private Limited	9,87,64,252	42.72%	9,87,46,790	40.44%
Bharat Starch Products Private Limited	1,37,75,865	5.96%	1,37,75,865	5.64%
Karun Carpets Private Limited	1,42,09,060	6.15%	1,42,09,060	5.82%

### 15C 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.

**15D** During the year, the Company has completed the Buyback of 1,30,00,000 Equity Shares as approved by the Board of Directors on 2<sup>nd</sup> May 2019. This has resulted in total cash outflow of ₹ 227.50 Crore. In line with requirement of The Companies Act, 2013 an amount of ₹ 224.90 Crore has been utilised from retained earnings. Further, Capital Redemption Reserves of ₹ 2.60 Crore (representing the nominal value of the shares bought back) has been created as an appropriation from retained earnings. Consequent of such Buyback, share capital has reduced by ₹ 2.60 Crore.

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
<b>15E Dividends</b>		
Interim dividend was declared by the Board of Directors in the meeting held on 4 <sup>th</sup> February 2019, ₹ 4.00 per share.	-	97.68
Final dividend for the year ended 31 <sup>st</sup> March 2018, ₹ 1.50 per share (Proposed by Board of Directors in the meeting held on 3 <sup>rd</sup> May 2018 and was approved by Shareholders in the meeting held on 13 <sup>th</sup> August 2018)	-	36.63
Dividend distribution tax on above	-	27.61

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 16. Other equity

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Reserves and surplus</b>		
Capital reserve (Refer note 1 below)	1.34	1.34
Securities premium (Refer note 2 below)	34.59	34.59
General reserve (Refer note 3 below)	346.18	346.18
Capital redemption reserve (Refer note 1 below)	2.60	-
ESOP (Refer note 16A)	0.35	-
Retained earnings*	456.90	538.21
	<b>841.96</b>	<b>920.32</b>

Note:

- This is not available for distribution of dividend but can be utilised for issuing bonus shares.
- Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Act.
- 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.

\*Refer Statement of changes in equity

### 16A Stock option schemes

#### I. Terms:

- Only employees within the meaning of this Scheme are eligible for being granted Stock Options under ESOP - 2019. The specific employees to whom the stock options would be granted and their eligibility criteria would be determined by the Board/Committee. The options are vested equally over a period of 3 years. The options granted shall vest so long as an employee continues to be in the employment of the Company or the Holding company or its Subsidiary company as the case may be. The Committee may, at its discretion, lay down certain performance metrics on the achievement of which such options would vest, the detailed terms and conditions relating to such vesting, and the proportion in which options granted would vest subject to the minimum vesting period of 1 (one) year. Options granted under ESOP 2019 would vest subject to maximum period of 7 (seven) years from the date of grant of such options.
- Options can be exercised anytime within a period of 6 years from the date of respective vesting of options and would be settled by way of issue of equity shares. Management has discretion to modify the exercise period.

#### II. The details of the grants under the aforesaid scheme are summarized below:

Sr. No.	Particulars	Greaves Cotton- Employees Stock Option Plan 2019 -ESOP-2019
i.	Grant price	₹ 134.86
ii.	Grant date	9 <sup>th</sup> December 2019
iii.	Vesting commences on	9 <sup>th</sup> December 2019
iv.	Options granted and outstanding at the beginning of the year	-
v.	No. of options granted during 2019-20	6,36,215
vi.	No. of options outstanding- 31.03.2020	6,36,215

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

- III. A. In respect of stock options granted pursuant to the Company's stock options scheme, the fair value of the options granted during the year which is ₹ 49.42 per option, is treated as discount and accounted as employee compensation over the vesting period.
- B. Expense on Employee Stock Option Schemes debited to the Statement of Profit and Loss during 2019-20 is ₹ 0.35 Crore
- IV. The fair value has been calculated using the binomial option pricing model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

S r . No.	Particulars	2019-20
i.	Weighted average risk-free interest rate	6.66%
ii.	Weighted average expected life of options	3 years
iii.	Weighted average expected volatility	26.75%
iv.	Weighted average expected dividends over the life of the option	₹ 4 per option
v.	Weighted average exercise price	₹ 134.86 per share
vi.	Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option.

- V. The balance in share options (net) account as at 31st March 2020 is ₹ 0.35 Crore.

## Note 17. Other financial liabilities

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>17A Non-current</b>		
Employee benefits payable	-	4.13
<b>Non-current total</b>	<b>-</b>	<b>4.13</b>
<b>17B Current</b>		
Employee benefits payable	19.28	19.29
Unpaid dividends*	3.90	3.95
Deposits from dealers	6.12	6.88
Capital creditors	9.97	7.23
Others	0.71	0.64
Derivative financial instruments	@	0.69
<b>Current total</b>	<b>39.98</b>	<b>38.68</b>
<b>Total</b>	<b>39.98</b>	<b>42.81</b>

\* 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. Current financial liabilities are measured at amortised cost as the fair values are not different from their carrying amounts.

@ Represents amount less than ₹ 1 lakh

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 18. Provisions

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>18A Non-current</b>		
Provision for employee benefits		
Ex-gratia	0.48	0.51
<b>Non-current total</b>	<b>0.48</b>	<b>0.51</b>
<b>18B Current</b>		
Provision for employee benefits		
Compensated absences	9.02	9.21
Gratuity & Ex-gratia	0.40	0.69
Provision for warranty	11.14	9.65
<b>Current total</b>	<b>20.56</b>	<b>19.55</b>
<b>Total</b>	<b>21.04</b>	<b>20.06</b>

### Movement in provision for warranty

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Opening balance	9.65	9.50
Provision recognised during the year	8.65	14.68
Amount utilised during the year	(7.16)	(14.53)
<b>Closing balance</b>	<b>11.14</b>	<b>9.65</b>

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 twenty four months.

## Note 19. Deferred tax

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>19A Analysis of deferred tax liabilities presented in the balance sheet:</b>		
Deferred tax assets	21.13	22.13
Deferred tax liabilities	(14.04)	(29.13)
<b>Deferred tax assets / (liabilities) (net)</b>	<b>7.09</b>	<b>(7.00)</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 19. Deferred tax (Contd.)

(₹ in Crore)

Particulars	Opening balance	Recognised in profit or loss	Closing balance
<b>19B Movement in deferred taxes during the year ended 31<sup>st</sup> March 2020</b>			
<b>Deferred tax asset/(liability) in relation to:</b>			
Depreciation	(24.67)	10.63	(14.04)
Provision for post retirement benefits and other employee benefits	3.60	(1.11)	2.49
Allowance for doubtful debts and advances	7.56	2.08	9.64
Fair value of financial instruments	(4.46)	4.46	-
Other temporary differences	10.97	(1.97)	9.00
	<b>(7.00)</b>	<b>14.09</b>	<b>7.09</b>

(₹ in Crore)

Particulars	Opening balance	Recognised in profit or loss	Closing balance
<b>19C Movement in deferred taxes during the year ended 31<sup>st</sup> March 2019</b>			
<b>Deferred tax asset/(liability) in relation to:</b>			
Depreciation	(28.86)	4.19	(24.67)
Provision for post retirement benefits and other employee benefits	3.35	0.25	3.60
Allowance for doubtful debts and advances	8.38	(0.82)	7.56
Fair value of financial instruments	(7.73)	3.27	(4.46)
Other temporary differences	4.70	6.27	10.97
	<b>(20.16)</b>	<b>* 13.15</b>	<b>(7.00)</b>

\*Excludes ₹ 0.01 Crore in respect of charge related to OCI

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>19D Unrecognised deductible timing differences, unused tax losses and unused tax credits</b>		
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)	-	16.03
	-	<b>16.03</b>

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>19E The income tax expense for the year can be reconciled to the accounting profit as follows:</b>		
<b>Profit before tax</b>	196.67	246.33
Income tax expenses calculated at 25.168% (previous year 34.944%)	49.50	86.08
<b>Differences due to:</b>		
Tax on income at different rates	13.30	(1.74)
Deduction u/s 35(2AB)- R&D expenses	-	(3.91)
Effect of concessions (Long term capital loss set off)	(9.81)	(4.04)
Effect on deferred tax balances due to change in income tax rate	(5.66)	-
Others	1.83	0.64
<b>Total tax expense</b>	<b>49.16</b>	<b>77.03</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 20. Trade payables

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Trade payables</b>		
Due to micro enterprises and small enterprises*	30.37	32.12
Other than micro enterprises and small enterprises	248.70	287.30
	<b>279.07</b>	<b>319.42</b>

Also refer Note 32

\* 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.

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Principal amount and interest due:		
Principal amount	30.37	32.12
Interest due	@	@
Interest paid by buyer in terms of section 16 of MSMED Act	-	-
Amount paid beyond the appointed day	28.66	24.91
Interest due and payable to supplier, for payment already made under MSMED Act	0.32	0.37
Amount of interest accrued and remaining unpaid at the end of accounting year	0.76	0.71
Amount of further interest remaining due and payable even in succeeding years	0.09	0.07

@ Represents amount less than ₹ 1 lakh

## Note 21. Other liabilities

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>21A Non-current</b>		
Advances from customers	24.05	14.60
<b>Non-current total</b>	<b>24.05</b>	<b>14.60</b>
<b>21B Current</b>		
Advances from customers	7.52	10.73
Statutory dues	8.47	19.10
Other payables	1.01	1.01
<b>Current total</b>	<b>17.00</b>	<b>30.84</b>
<b>Total</b>	<b>41.05</b>	<b>45.44</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 22. Revenue from operations

(₹ in Crore)

	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
<b>Sale of products</b>		
(i) Finished goods	1,622.39	1,833.49
(ii) Stock-in trade	190.66	148.01
	<b>1,813.05</b>	<b>1,981.50</b>
<b>Service income</b>	5.45	3.18
<b>Other operating revenue</b>		
(i) Export incentive	1.86	2.95
(ii) Others	0.75	0.19
	<b>1,821.11</b>	<b>1,987.82</b>

The company manufactures engines and its applications like power generating sets, pumps, farm equipment etc.

It derives its revenue from sale of such engines, power generating sets, farm equipment. It also earns revenue from servicing of power generating sets. The Company also trades in the spares of the engines and other products like construction equipment and electric vehicles.

Effective 1<sup>st</sup> April 2018, the company has adopted Ind AS 115 'Revenue from contracts with customers'.

Accordingly, the company is recognizing the revenue as and when it satisfies the performance obligation by transferring promised good or service to a customer and customer obtains the control of the same.

In case of exports the revenue is recognized based on the Bills of Lading received from the shipping companies who assume control of goods on behalf of the customers.

The products which are sold to OEMs and direct end customers, the prices are pre-determined as per negotiations and long term supply contracts. The products which are sold through dealer network have the dealer prices as determined and circulated by the company.

The company also offers cash discounts and volume discounts and the same are netted off against the gross revenue. The volume discounts are accrued on a regular basis based on off take of each dealer / customer.

The revenue is recognised on satisfaction of performance obligation and transferring control to the customer and hence the same is recognised at point in time. The company dis-aggregates revenue on the basis of its segments viz. engines, electric mobility and others as well as geographical operations viz. domestic and overseas (refer Note No. 33A & 33D). The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

The company also gives the performance assurance warranties for its products, undertaking to repair / replace the items if they fail within stipulated time or usage. The provision for such warranties is made based on the historical data and is accounted separately under other expenses.

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 23. Other income

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Interest income earned on financial assets not designated as at FVTPL		
Deposits	8.10	2.92
Other financial assets	0.11	0.12
Loan given to subsidiary	0.05	-
Fair value gain		
Investments measured at FVTPL	(50.80)	(4.35)
Profit on sale of investments (Net)	55.58	35.24
Profit on sale of property, plant and equipment (Net)	-	0.42
Exchange fluctuation- gain (Net)	1.31	-
Scrap sales	1.95	2.69
Miscellaneous income	3.54	4.59
	<b>19.84</b>	<b>41.63</b>

## Note 24. Cost of materials consumed

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Raw materials consumed		
Opening stock	44.54	53.75
Purchases	1,146.38	1,253.31
Less : Closing stock	73.80	44.54
	<b>1,117.12</b>	<b>1,262.52</b>

## Note 25. Purchases of stock-in-trade

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Traded goods	<b>158.47</b>	<b>110.97</b>

## Note 26. Changes in inventories of finished goods, stock-in-trade and work-in-progress

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
<b>Opening inventories</b>		
Finished goods	34.62	29.14
Work-in-progress	7.46	5.46
Stock-in-trade	21.33	13.80
	<b>63.41</b>	<b>48.40</b>
<b>Closing inventories</b>		
Finished goods	53.43	34.62
Work-in-progress	8.12	7.46
Stock-in-trade	28.30	21.33
	<b>89.85</b>	<b>63.41</b>
<b>Total</b>	<b>(26.44)</b>	<b>(15.01)</b>



# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 27. Employee benefits expense

(₹ in Crore)

	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Salaries and wages	142.32	158.54
Contribution to provident funds and other funds	13.86	14.52
Staff welfare expenses	10.41	11.19
	<b>166.59</b>	<b>184.25</b>
Less: Capitalised towards product development	8.55	9.57
	<b>158.04</b>	<b>174.68</b>

### Employee benefit plans

#### 27A Defined contribution plans

The amount recognised as an expense during the year ended 31<sup>st</sup> March 2020 towards Provident Fund (including admin charges), ESIC contribution and Superannuation & National Pension Scheme is ₹ 6.74 Crore (previous year ₹ 6.90 Crore), ₹ 0.06 Crore (previous year ₹ 0.17 Crore) and ₹ 4.77 Crore (previous year ₹ 4.91 Crore) respectively.

**27B** The Company, based on legal opinion, is of the view that the Ruling issued on 28<sup>th</sup> February 2019 by the Honorable Supreme Court, clarifying the definition of basic wages under The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 is applicable from the date of the said Ruling. Accordingly, the Company has given effect to the said Ruling on a prospective basis with effect from 1<sup>st</sup> April 2019.

#### 27C 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 31 <sup>st</sup> March 2020 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 31<sup>st</sup> March 2020

## Note 27. Employee benefits expense (Contd.)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation as at			
	31 <sup>st</sup> March 2020		31 <sup>st</sup> March 2019	
Discount rate(s)	6.25%		7.45%	
Expected rate(s) of salary increase	MGMT : 8%, NMGT : 6%		MGMT : 8%, NMGT : 6%	
Mortality rates	Age(Years)	Rates (p.a.)	Age(Years)	Rates (p.a.)
	18	0.000874	18	0.000800
	23	0.000936	23	0.000961
	28	0.000942	28	0.001017
	33	0.001086	33	0.001164
	38	0.001453	38	0.001549
	43	0.002144	43	0.002350
	48	0.003536	48	0.003983
	53	0.006174	53	0.006643
	58	0.009651	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 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
<b>Service cost:</b>		
Current service cost	2.36	2.40
Past service cost and gain from settlements	-	-
Interest on net defined benefit asset	(0.08)	0.15
<b>Components of defined benefit costs recognised in profit or loss during the year</b>	<b>2.28</b>	<b>2.55</b>
<b>Opening amount recognised in other comprehensive income :</b>	(2.28)	(0.17)
Re-measurement during the year due to:		
Changes in financial assumptions	1.43	0.30
Changes in demographic assumptions	(0.70)	-
Experience adjustments	(0.93)	(1.43)
Actual return on plan assets less interest on plan assets	(1.73)	(0.98)
<b>Closing amount recognised in other comprehensive income :</b>	<b>(4.21)</b>	<b>(2.28)</b>
<b>Components of defined benefit (income) / cost recognised in other comprehensive income during the year</b>	<b>(1.93)</b>	<b>(2.11)</b>

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 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Present value of funded defined benefit obligation	31.50	34.01
Fair value of plan assets	34.56	34.29
Funded status	<b>(3.06)</b>	<b>(0.28)</b>
<b>Net (asset)/liability arising from defined benefit obligation</b>	<b>(3.06)</b>	<b>(0.28)</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 27. Employee benefits expense (Contd.)

Movements in the present value of the defined benefit obligation are as follows:

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Opening defined benefit obligation	34.01	35.88
Current service cost	2.36	2.40
Past service cost	-	-
Interest on defined benefit obligation	2.25	2.43
Re-measurement due to:		
Actuarial (gains) / losses arising from changes in financial assumptions	1.43	0.30
Actuarial gains arising from changes in demographic assumptions	(0.70)	-
Actuarial (gains) / losses arising from experience changes	(0.93)	(1.43)
Benefits paid	(6.92)	(5.57)
<b>Closing defined benefit obligation</b>	<b>31.50</b>	<b>34.01</b>

Movements in the fair value of the plan assets are as follows:

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Opening fair value of plan assets	34.29	33.22
Interest income	2.33	2.28
Re-measurement gain / (loss):		
Return on plan assets (excluding amounts included in net interest expense)	0.94	0.98
Contributions from the employer	3.92	3.38
Benefits paid	(6.92)	(5.57)
<b>Closing fair value of plan assets</b>	<b>34.56</b>	<b>34.29</b>

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	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Cash and cash equivalents	0.04	0.15
Non quoted value :		
Insurer managed fund	34.52	34.14
<b>Total</b>	<b>34.56</b>	<b>34.29</b>

### 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)			
	Year ended 31 <sup>st</sup> March 2020		Year ended 31 <sup>st</sup> March 2019	
	Discount rate	Salary escalation rate	Discount rate	Salary escalation rate
Impact of increase in 50 bps on DBO	(0.61)	0.63	(0.74)	0.73
Impact of decrease in 50 bps on DBO	0.64	(0.61)	0.77	(0.72)

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 27. Employee benefits expense (Contd.)

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 31<sup>st</sup> March 2020 is 11.05 years, (as at 31<sup>st</sup> March 2019: 11.24 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)	
	2019-2020	2018-2019
<b>Maturity Profile</b>		
Expected benefits for year 1 to 3	18.95	17.49
Expected benefits for year 4 and 5	8.88	9.71
Expected benefits for year 6 and above	14.07	23.49

## Note 28. Finance costs

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Interest expenses	2.41	3.33
Other borrowing costs	1.43	-
	<b>3.84</b>	<b>3.33</b>

## Note 29. Depreciation and amortisation expense

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Depreciation of property, plant and equipment (Note 4)	32.95	32.24
Depreciation of right-of-use assets (Note 4)	4.85	-
Depreciation of investment property (Note 5)	0.06	0.20
Amortisation of intangible assets (Note 6)	14.31	16.39
	<b>52.17</b>	<b>48.83</b>

## Note 30. Other expenses

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Stores and spares consumed	7.24	7.30
Power, fuel and electricity	13.50	13.30
Contracting expenses	30.19	26.76
Repairs and maintenance:		
Buildings	0.40	0.64
Plant & equipment	3.73	3.94
Others	2.12	1.77

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 30. Other expenses (Contd.)

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Brokerage and commission	2.45	2.55
Rent	4.12	9.36
Lease rentals	1.50	2.90
Insurance	2.62	2.21
Bad debts/ advances written-off (i)	-	4.19
Less: Allowance for doubtful debts/advances (ii)	-	(4.19)
Bad debts/ Advances written-off (i)-(ii)	-	-
Allowance for doubtful debts/advances	16.68	1.99
Rates and taxes	1.09	0.97
Advertisement and sales promotion expenses	8.45	11.60
Travelling	10.71	13.60
Loss on sale of property, plant and equipment (Net)	0.27	-
Carriage and freight	21.63	24.56
Printing & stationery	0.65	0.67
Warranty expenses	8.65	14.68
Legal, professional and consultancy charges	12.65	9.96
Exchange fluctuation- loss (Net)	-	0.61
Asset under development written off	3.93	-
Miscellaneous expenses	33.21	30.56
	<b>185.79</b>	<b>179.93</b>

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
<b>30A Legal and professional expenses include:</b>		
<b>Auditors' remuneration and expenses</b>		
Statutory audit fees	0.51	0.47
Limited review	0.23	0.17
Fees for certification	0.10	0.09
Reimbursement of out-of-pocket expenses	0.01	0.01
<b>Payments to tax auditors</b>		
Tax audit fees	0.09	0.08
<b>Payments to cost auditors</b>		
Cost audit fees	0.09	0.07
<b>30B Expenditure incurred on corporate social responsibility activities</b>		
(1) Gross amount required to be spent by the company during the year	4.52	4.56
(2) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	4.62	2.18

## Note 31. Exceptional items

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
(i) Profit on sale of immovable property	10.76	2.63
(ii) Provision for fixed deposit with IL&FS	-	(20.50)
(iii) Employee separation cost	(6.05)	-
<b>Exceptional items (net)</b>	<b>4.71</b>	<b>(17.87)</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 32. Risk management

### 32A 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.

### 32B 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. 7, 8, 11, 12, 13, 17 & 20 to financial statements.

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Financial assets</b>		
<b>Measured at fair value through profit or loss (FVTPL)</b>		
Mutual fund	-	419.29
Derivative financial instruments	-	0.18
<b>Measured at amortised cost *</b>		
Cash and bank balances	188.23	42.36
Trade receivable	238.85	336.51
Security deposits	15.45	13.03
Margin money with Banks	2.22	1.84
Loan to subsidiary	3.00	-
Interest receivable from subsidiary	0.05	-
Others	11.55	5.00
<b>Financial liabilities</b>		
<b>Measured at Fair value through profit or loss (FVTPL)</b>		
Derivative financial instruments	@	0.69
<b>Measured at amortised cost *</b>		
Trade payable	279.07	319.42
Unpaid dividends	3.90	3.95
Deposits from dealers	6.12	6.88
Capital creditors	9.97	7.23
Others	0.71	0.64
Employee benefits payable	19.28	23.42
Lease Liability	17.83	-

\* The management considers carrying amount of financials assets and financial liabilities, recognised in the financial statement, approximate their fair values.

@ Represents amount less than ₹ 1 lakh

### 32C Financial and liquidity risk management objectives

- i) The Company has a very conservative policy on investing surplus funds. The investments are in fixed deposits with banks. For short duration on daily cash requirements funds are invested in overnight/ liquid funds. Highest rated portfolios of the mutual funds are selected with high liquidity.
- ii) The average payment terms of creditors (trade payables) is in the range of 90-120 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 two parties have more than 5% of the total outstanding amount and one of them is fully secured by letter of credit.
- iv) Of the total outstanding as at reporting date, 28% 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 31<sup>st</sup> March 2020

## Note 32. Risk management (Contd.)

### 32D 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 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
USD	6.89	12.41	0.75	0.75
EUR	0.26	0.42	1.66	-
GBP	-	-	0.07	-
CNY	-	-	1.48	-

- (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.

### 32E 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.

### 32F Fair value measurements

This note provides information about how the Company determines fair value of various financial asset and financial liabilities.

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on recurring basis:

Some of Company's 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 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019		
<b>Financial assets</b>				
Mutual fund	-	419.29	Level 1	
Derivative financial instruments	-	0.18	Level 2	Discounted Cash Flows used by Banks for Mark to Market
<b>Financial liabilities</b>				
Derivative financial instruments	@	0.69	Level 2	Discounted Cash Flows used by Banks for Mark to Market

@ Represents amount less than ₹ 1 lakh

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 33. 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:

- Engines include application of engines in farm equipment and gensets.
- Electric mobility
- Others include products traded by International Business and After Market Business.

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.

### 33A 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 result	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Engines	1,668.99	1,866.38	248.42	311.70
Electric mobility	37.03	7.86	1.38	(1.85)
Others	115.09	113.58	(2.81)	3.87
<b>Total</b>	<b>1,821.11</b>	<b>1,987.82</b>	<b>246.99</b>	<b>313.72</b>
Other income (including exceptional items)			25.14	16.78
Central administration costs			(71.62)	(80.84)
Finance costs			(3.84)	(3.33)
<b>Profit before tax</b>			<b>196.67</b>	<b>246.33</b>

### 33B Segment assets and liabilities

(₹ in Crore)

Segment assets	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Engines	693.48	718.96
Electric mobility	41.70	14.87
Others	63.32	48.76
<b>Total segment assets</b>	<b>798.50</b>	<b>782.59</b>
Assets classified as held for sale	-	8.98
Unallocated	491.47	617.58
<b>Total Assets</b>	<b>1,289.97</b>	<b>1,409.15</b>



# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 33. Segment information (Contd.)

Segment liabilities	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Engines	309.89	346.51
Electric mobility	0.62	0.55
Others	18.00	24.11
<b>Total segment liabilities</b>	<b>328.51</b>	<b>371.17</b>
Unallocated	73.26	68.82
<b>Total liabilities</b>	<b>401.77</b>	<b>439.99</b>

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.

### 33C Other segment information

	(₹ in Crore)			
	Depreciation and amortisation		Additions to non-current assets	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Engines	37.25	43.98	57.35	23.58
Electric mobility	0.79	-	9.67	-
Others	4.52	0.04	0.83	0.22
Unallocable	9.61	4.81	5.13	9.53
	<b>52.17</b>	<b>48.83</b>	<b>72.98</b>	<b>33.33</b>

### 33D 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 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Domestic	1,763.42	1,917.72	394.86	349.97
Overseas	57.69	70.10	-	-
	<b>1,821.11</b>	<b>1,987.82</b>	<b>394.86</b>	<b>349.97</b>

\* Non-current assets excludes investment in subsidiaries, Other investments, Other financial assets, Income tax assets (Net) and Deferred tax assets (Net).

## Note 34. Earnings per share

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Profit for the year	147.51	169.30
Weighted average number of equity shares for the purpose of basic and diluted earnings per share	23,93,40,675	24,42,06,795
<b>Basic and Diluted earnings per share</b>	<b>6.16</b>	<b>6.93</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 35. Related party transactions

### List of related parties :

#### 35A Subsidiary companies

Dee Greaves Limited  
Greaves Leasing Finance Limited  
Ampere Vehicles Private Limited (From October 2018)

#### 35B Promoter and the promoter group companies, where company has transactions during the year

Mr Karan Thapar, Chairman  
Bharat Starch Products Private Limited  
DBH International Private Limited  
Karun Carpets Private Limited  
EICL Limited  
Premium Transmission Private Limited

#### 35C Key management personnel :

Mr Nagesh A Basavanhalli	Managing Director & CEO
Mr Mohanan Manikram	Additional Director from 5 <sup>th</sup> November 2019
Ms Neetu Kashiramka	Chief Financial Officer upto 6 <sup>th</sup> April 2020
Mr Amit Mittal	Chief Financial Officer from 27 <sup>th</sup> April 2020

#### 35D Transactions with related parties

The following transactions occurred with the related parties:

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
<b>Sales and purchases of goods and services</b>		
<b>Sale of goods</b>		
<b>Rendering of services/Reimbursement of expenses</b>		
<b>Subsidiaries</b>		
Dee Greaves Limited	@	@
Greaves Leasing Finance Limited	0.02	0.01
Ampere Vehicles Private Limited	4.93	0.03
<b>Promoter group company</b>		
Premium Transmission Private Limited	0.02	0.02
<b>Other transactions</b>		
<b>Commission and sitting fees paid</b>		
Mr Karan Thapar	1.43	1.35
<b>Lease rent expenses paid to subsidiaries</b>		
Greaves Leasing Finance Limited	0.28	0.33
<b>Lease rent expenses paid to Promoter group company</b>		
Premium Transmission Private Limited	0.04	0.07
EICL Limited	0.10	0.34
<b>Interest income from subsidiaries</b>		
Greaves Leasing Finance Limited	0.05	-
<b>Investment in subsidiary</b>		
Ampere Vehicles Private Limited	21.00	25.00
<b>Loan given to subsidiaries</b>		
Greaves Leasing Finance Limited	3.00	-
<b>Dividend paid</b>		
DBH International Private Limited	-	54.27
Bharat Starch Products Limited	-	7.58
Karun Carpets Private Limited	-	7.40

@ Represents amount less than ₹ 1 lakh

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 35. Related party transactions (Contd.)

The following balances were outstanding as at end of the reporting period:

	Amounts owed by related parties as at		Amounts owed to related parties as at	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Subsidiary Companies	11.15	0.03	-	-
Promoter group companies	0.01	0.01	-	0.03

(₹ in Crore)

During the year, the company did not enter into any material transaction (as defined in the Company's Policy on Related Party Transaction) 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).

## 35E Compensation of key management personnel

The remuneration of directors and other members of the key management personnel during the year were as follows:

	Year ended	Year ended
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Short-term employee benefits	8.28	6.41
Post-employment benefits	0.23	0.20
	<b>8.51</b>	<b>6.61</b>

(₹ in Crore)

### Notes :

- The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.
- Short term employee benefits include incentive paid during the year.
- Stock option granted to key management personnel during the year is 6,36,215 (Refer note 16A).

## Note 36. Contingent liabilities

	As at	As at
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
a) Sales tax liability that may arise in respect of matters in appeal	36.48	51.57
b) Sales tax liability that may arise on account of uncollected 'C' Forms	0.58	0.56
c) Excise duty liability that may arise in respect of matters in appeal	25.89	25.37
d) Claims made against the company, not acknowledged as debts	29.13	28.56
e) Wage demand not acknowledged by the company in respect of matter in appeal	3.18	3.29

(₹ in Crore)

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

## Note 37. Commitments

	As at	As at
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	40.86	37.49

(₹ in Crore)

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 38. Expenditure on research and development

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
a) Revenue expenditure charged to Statement of profit and loss (Under Note Nos. 24, 27 & 30)	20.57	19.18
b) Capital expenditure	7.29	3.18
	<b>27.86</b>	<b>22.36</b>

## Note 39. Leases

### a) Transition Impact and Disclosure

Effective 1<sup>st</sup> April 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1<sup>st</sup> April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use asset at its carrying amount. Comparatives as at and for the year ended 31<sup>st</sup> March 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of 'Right-of-use assets' of ₹ 18.76 Crore and a lease liabilities of ₹ 19.23 Crore. The cumulative effect of applying the standard, amounting to ₹ 0.47 Crore was debited to retained earnings. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

On adoption of Ind AS 116, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17 Leases. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 8.50%.

The Company had no finance leases as on 31<sup>st</sup> March 2019.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous year to depreciation cost for the right-of-use assets, and finance cost for interest accrued on lease liability.

### Practical expedients applied

In applying Ind AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months as at 1<sup>st</sup> April 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use assets at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(₹ in Crore)	
<b>Measurement of lease liabilities</b>	
Operating lease commitments disclosed as at 31 <sup>st</sup> March 2019	20.54
(Less): short-term leases not recognised as a liability	-
Add: adjustment as a result of different treatment of cancellable/non-cancellable leases	2.59
<b>Total</b>	<b>23.13</b>
<b>Discounting Impact</b>	<b>3.90</b>
<b>Lease liability recognised as at 1<sup>st</sup> April 2019</b>	<b>19.23</b>
Of which are:	
Current lease liabilities	3.86
Non-current lease liabilities	15.37

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 39. Leases (Contd.)

### Measurement of right-of-use assets

The change in accounting policy affected the following items in the balance sheet on 1<sup>st</sup> April 2019:

- Property, plant and equipment – decrease by ₹ 19.17 Crore
- Right-of-use assets – increase by ₹ 37.93 Crore
- Lease liabilities – increase by ₹ 19.23 Crore
- The net impact on retained earnings on 1<sup>st</sup> April 2019 was an decrease of ₹ 0.47 Crore

### b) Disclosure as per the requirement of Ind AS 116

Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 1 <sup>st</sup> April 2019
Right-of-use assets	33.19	37.93
Lease liabilities		
Current	3.95	3.86
Non-current	11.42	15.37

Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the following amounts relating to leases:

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 1 <sup>st</sup> April 2019
Depreciation charge of right-of-use assets	5.76	-
Interest expense (included in finance costs)	1.43	-
Expense relating to short term lease not included in lease liabilities	1.07	-

The total cash outflow for leases for the year ended 31<sup>st</sup> March 2020 was ₹ 5.30 Crore

The table below provides details regarding the contractual maturities of lease liabilities as at 31<sup>st</sup> March 2020 on an undiscounted basis:

	(₹ in Crore)	
Particulars	Amount	
Not later than 1 year	5.05	
Later than 1 year and not later than 5 years	12.78	
Later than 5 years	-	
<b>Total undiscounted lease liabilities</b>	<b>17.83</b>	

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## **Note 39.** Leases (Contd.)

### **Extension and termination options**

Extension and termination options are included in some of the leases across the Company. These are used to maximise operational flexibility in terms of managing the assets in the Company's operation. The majority of extension and termination options held are exercisable by both the Company and by the respective lessor. Further the company expects not to use that options.

- 40** The figures for the corresponding previous period have been regrouped wherever necessary, to make them comparable with the figures of the current period.

**Amit Mittal**  
Chief Financial Officer

**Atindra Basu**  
Head- Legal, Internal Audit &  
Company Secretary

For and on behalf of the Board

**Kewal Handa**  
Director

**Nagesh Basavanhalli**  
Managing Director & CEO

Mumbai, 5<sup>th</sup> June 2020

# 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)

Date of Acquisition	Financial Year ended 31 <sup>st</sup> March 2020		
	Greaves Leasing Finance Limited	Dee Greaves Limited	Ampere Vehicles Private Limited
	Since inception	Since inception	From 23 <sup>rd</sup> Oct. 2018
A) Share Capital	0.25	0.13	11.72
B) Reserves/ Surplus in profit & loss	4.30	0.08	14.04
C) Total Assets	7.80	0.22	76.00
D) Total Liabilities	3.24	0.01	50.24
E) Investments (as per details attached)	2.63	0.20	-
F) Turnover (including other income)	0.49	0.01	90.07
G) Profit/ (Loss) before taxation	(0.32)	@	(21.33)
H) Provision for taxation	-	-	(0.96)
I) Profit/ (Loss) after taxation	(0.32)	@	(20.37)
J) Proposed Dividend	-	-	-
K) Extent of shareholding	100%	100%	100%

@ Represents amount less than ₹ 1 lakh

### Part "B" : Associates and Joint Ventures

Not Applicable

**Amit Mittal**  
Chief Financial Officer

**Atindra Basu**  
Head- Legal, Internal Audit &  
Company Secretary

For and on behalf of the Board

**Kewal Handa**  
Director

**Nagesh Basavanhalli**  
Managing Director & CEO

Mumbai, 5<sup>th</sup> June 2020

# Information on Subsidiary Companies

## Details of investment of subsidiaries as at 31<sup>st</sup> March 2020

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
	Nos.	Amount	Nos.	Amount
<b>Non-Current investment</b>				
<b>Greaves Leasing Finance Limited</b>				
<b>Investments in subsidiaries (Unquoted)</b>				
Shares of Dee Greaves Limited of ₹ 10/- each	133851	0.01	133851	0.01
<b>Sub Total</b>		<b>0.01</b>		<b>0.01</b>
<b>Investments in equity shares (Quoted)</b>				
<b>Fair value through profit or loss</b>				
ABB India Limited	1	0.00	1	0.00
Ashok Leyland Limited	20	0.00	20	0.00
Bajaj Auto Limited	20	0.00	20	0.01
Bajaj Finance Services Limited	10	0.00	10	0.00
Bajaj Holdings and Investment Limited	10	0.00	10	0.00
Bharat Heavy Electricals Limited	7	0.00	7	0.00
Bosch Limited	1	0.00	1	0.00
Cummins India Limited	14	0.00	14	0.00
Elecon Engineering Limited	150	0.00	150	0.00
Force Motors Limited	10	0.00	10	0.00
Hindustan Unilever Limited	1	0.00	1	0.00
Honda Siel Power Products Limited	10	0.00	10	0.00
Ingersoll Rand (India) Limited	10	0.00	10	0.00
Kennametal Widia Limited	10	0.00	10	0.00
Kirloskar Industries Limited	5	0.00	5	0.00
Kirloskar Oil Engines Limited	75	0.00	75	0.00
Larsen & Toubro Limited	45	0.00	45	0.01
Mahindra & Mahindra Limited	132	0.00	132	0.01
Maruti Suzuki India Limited	1	0.00	1	0.00
Shanthy Gears Limited	200	0.00	200	0.00
Siemens Limited	1	0.00	1	0.00
Steel Authority of India Limited	1	0.00	1	0.00
Swaraj Engines Limited	30	0.00	30	0.00
Tata Motors Limited	25	0.00	25	0.00
UltraTech Cement Limited	4	0.00	4	0.00
Vesuvias Limited	10	0.00	10	0.00
VST Tillers Tractors Limited	15	0.00	15	0.00
<b>Investments in equity shares (Unquoted)</b>				
Alfa Laval India Limited	1	0.00	1	0.00
Birla Power Solutions Limited	120	0.00	120	0.00
Wellwind Industry Limited	100	0.00	100	0.00
Wartsila India Limited	10	0.00	10	0.00
<b>Sub Total</b>		<b>0.03</b>		<b>0.05</b>
<b>Total</b>		<b>0.04</b>		<b>0.06</b>



**Details of investment of subsidiaries as at 31<sup>st</sup> March 2020**

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
	Nos.	Amount	Nos.	Amount
<b>Current Investments</b>				
<b>Greaves Leasing Finance Limited</b>				
<b>Investments in Mutual Funds (Unquoted)</b>				
<b>Fair value through profit or loss</b>				
Kotak Savings Fund Growth & Investment Mark UP	8,09,407	2.60	-	-
<b>Sub Total</b>		<b>2.60</b>		<b>-</b>
<b>Dee Greaves Limited</b>				
<b>Investments in Mutual Funds (Unquoted)</b>				
<b>Fair value through profit or loss</b>				
ICICI Prudential Money Market Fund- Regular Plan- Daily Dividend	19,806	0.20	20,105	0.20
<b>Sub Total</b>		<b>0.20</b>		<b>0.20</b>

# Independent Auditor's Report

To The Members of GREAVES COTTON LIMITED

Report on the Audit of the Consolidated Financial Statements

## Opinion

We have audited the accompanying consolidated financial statements of Greaves Cotton Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

## Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Assessment of Impairment of Goodwill and Other Intangible asset</b></p> <p>The Group has goodwill of ₹ 29.84 crores and other intangible assets of ₹ 37.56 crores as at March 31<sup>st</sup> 2020, which represents goodwill/intangible assets acquired through business combination and allocated to the Ampere Vehicles Private Limited ("Ampere") Cash Generating Unit (CGU).</p> <p>The Group's evaluation of goodwill and intangible assets for impairment relating to the CGU, involves the comparison of its recoverable amount to its carrying amount using discounted cash flow method, which requires management to make key assumptions such as Projections of Revenue, EBITDA, weighted average cost of capital and terminal growth rate considered for the purpose of valuation.</p> <p>(Refer note 3(e) and 6 to the consolidated financial statements)</p>	<p><b>Principal Audit Procedures performed:</b></p> <ul style="list-style-type: none"> <li>Evaluated the design and tested the operating effectiveness of internal controls over management's goodwill and intangible assets impairment evaluation.</li> <li>Evaluated the objectivity and independence of the specialist engaged by the Company and reviewed the valuation report issued by such specialist;</li> <li>Engaged internal fair valuation expert to test the appropriateness of the management's underlying assumptions such as weighted average cost of capital, terminal growth rate considered and appropriateness of the valuation model used;</li> <li>Compared the Company's assumptions with comparable benchmarks in relation to key inputs such as long-term growth rates and discount rates;</li> <li>Assessed the appropriateness of the forecasted projections of Revenue and EBITDA within the budgeted period based on understanding of the business and sector experience;</li> <li>Performed a sensitivity analysis in relation to weighted average cost of capital; and</li> <li>Assessed the adequacy of the disclosures made in the financial statements.</li> </ul>

Sr. No.	Key Audit Matter	Auditor's Response
2	<p><b>Inventories – Existence</b></p> <p>The Parent company's management conducts physical verification of inventories during the year at reasonable intervals, including appointing independent chartered accountants to perform physical verification of inventories at plants. However, on account of the COVID-19 related lockdown restrictions, Parent company's management was unable to perform year end physical verification of inventories. Parent company's management has carried out other procedures to validate the existence of its inventory as at the year end, such as carrying out consumption analysis and stock movement analysis, performing roll-back procedures from the subsequent year end physical verification date to determine the quantities of the inventory at the balance sheet date.</p> <p>(Refer note 10 to the consolidated financial statements)</p>	<p>We have performed the following alternate audit procedures to audit the existence of inventories as at the year-end, since we were not able to observe the physical stock verification:</p> <ul style="list-style-type: none"> <li>Understood the process and tested the management's internal controls to establish the existence of inventory in relation to the process of periodic physical verification carried out by the management, the scope and coverage of the periodic verification programme, the results of such verification including analysis of discrepancies, if any</li> <li>At select locations subsequent to year end where the management appointed third party independent chartered accountant to perform physical verification, we have sent instructions to the third party chartered accountant to carry out the physical verification and also provided the samples to be verified by them. We have received the report of the physical verification carried out by the third party independent chartered accountants. Obtained the roll back procedures performed by the management from the subsequent year end physical verification date to arrive at the quantities as at the balance sheet date. Traced the samples physically verified by the third party independent chartered accountant in the roll back working provided by the management.</li> <li>Tested the analytical reviews performed by the Company such as consumption analysis and stock movement analysis for the year in respect of key items of raw material and finished goods at factories.</li> </ul>

### Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Directors' Report including Annexures to Directors' Report, Business Responsibility Report and Corporate Governance, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries, audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by the other auditors.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. 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; selection and application of appropriate accounting policies; making judgements 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 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 financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. For the entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entity included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we

determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matters

- (a) We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 8.02 crores as at 31<sup>st</sup> March 2020, total revenues of ₹ 0.35 crores and net cash outflows amounting to ₹ 0.51 crores for the year ended on that date, as considered in the consolidated 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 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.

Our opinion on the consolidated 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 the 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 reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section 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 financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated 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 Statement of Cash Flows and the 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 financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Parent as on 31<sup>st</sup> March 2020, taken on record by the Board of Directors of the Company 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 31<sup>st</sup> March 2020, 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 Parent and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - 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 consolidated 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.

For **Deloitte Haskins and Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

**Rupen K. Bhatt**

(Partner)

(Membership No. 46930)

(UDIN: 20046930AAAACB1489)

Date: 5<sup>th</sup> June 2020

Place: Mumbai

# 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 2020, 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 the 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 2020, based on the criteria for internal financial control over financial reporting 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 & Sells LLP**  
Chartered Accountants  
(Firm's Registration No.117366W/W-100018)

**Rupen K. Bhatt**  
(Partner)  
(Membership No. 46930)  
(UDIN: 20046930AAAACA8744)

Place: Mumbai  
Date: 5<sup>th</sup> June 2020

# Consolidated Balance Sheet

as at 31<sup>st</sup> March 2020

(₹ in Crore)

	Note No.	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	4	227.77	239.37
(b) Capital work-in-progress		12.08	8.59
(c) Right-of-use assets	4 & 40	36.07	-
(d) Goodwill		29.84	29.84
(e) Investment properties	5	-	3.46
(f) Intangible assets	6	86.80	66.00
(g) Intangible assets under development		56.49	63.41
(h) Financial assets			
(i) Investments			
Other investments	7A	0.03	228.23
(ii) Other financial assets	8A	8.94	9.88
(i) Income tax assets (Net)		29.91	23.26
(j) Deferred tax assets (Net)	20A	9.66	1.55
(k) Other non-current assets	9A	37.07	25.88
<b>Total non-current assets</b>		<b>534.66</b>	<b>699.47</b>
<b>2 Current assets</b>			
(a) Inventories	10	194.43	133.76
(b) Financial assets			
(i) Other investments	7B	2.80	191.33
(ii) Trade receivables	11	254.99	342.30
(iii) Cash and cash equivalents	12	155.79	40.14
(iv) Bank balances other than (iii) above	13	33.90	4.75
(v) Other financial assets	8B	15.00	10.68
(c) Other current assets	9B	57.07	24.26
<b>Total current assets</b>		<b>713.98</b>	<b>747.22</b>
<b>3 Assets classified as held for sale</b>	14	-	<b>8.98</b>
<b>Total Assets</b>		<b>1,248.64</b>	<b>1,455.67</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	15	46.24	48.84
(b) Other equity	16	752.51	920.28
<b>Equity attributable to the owners of the Company</b>		<b>798.75</b>	<b>969.12</b>
Non controlling interest		-	13.71
<b>Total Equity</b>		<b>798.75</b>	<b>982.83</b>
<b>LIABILITIES</b>			
<b>1 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	17A	-	5.27
(ii) Lease liabilities	40	14.46	-
(iii) Other financial liabilities	18A	0.37	4.13
(b) Provisions	19A	1.34	0.51
(c) Deferred tax liabilities (Net)	20A	9.01	22.49
(d) Other non-current liabilities	22A	24.48	14.78
<b>Total non-current liabilities</b>		<b>49.66</b>	<b>47.18</b>
<b>2 Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	17B	9.57	5.86
(ii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	21	31.15	32.40
- Total outstanding dues of creditor's other than micro enterprises and small enterprises	21	267.50	291.67
(iii) Lease liabilities	40	3.95	-
(iv) Other financial liabilities	18B	39.98	38.75
(b) Provisions	19B	24.67	20.47
(c) Income tax liabilities (Net)		5.26	5.26
(d) Other current liabilities	22B	18.15	31.25
<b>Total current liabilities</b>		<b>400.23</b>	<b>425.66</b>
<b>Total Equity and Liabilities</b>		<b>1,248.64</b>	<b>1,455.67</b>
Notes forming part of the financial statements	1-41		

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Rupen K. Bhatt**  
Partner

**Amit Mittal**  
Chief Financial Officer

**Atindra Basu**  
Head - Legal, Internal Audit &  
Company Secretary

For and on behalf of the Board

**Kewal Handa**  
Director

**Nagesh Basavanhalli**  
Managing Director & CEO

Mumbai, 5<sup>th</sup> June 2020



# Consolidated Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2020

	Note No.	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
(₹ in Crore)			
<b>I Revenue from operations</b>	23	1,910.96	2,015.32
<b>II Other income</b>	24	20.16	41.80
<b>III Total Income (I + II)</b>		<b>1,931.12</b>	<b>2,057.12</b>
<b>IV Expenses</b>			
Cost of materials consumed	25	1,188.60	1,286.97
Purchases of stock-in-trade	26	158.47	110.97
Changes in inventories of finished goods, stock-in-trade and work-in-progress	27	(29.51)	(16.27)
Employee benefits expense	28	172.61	177.94
Finance costs	29	5.07	4.04
Depreciation and amortisation expense	30	60.94	52.17
Other expenses	31	210.66	183.51
<b>Total expenses</b>		<b>1,766.84</b>	<b>1,799.33</b>
<b>V Profit before exceptional items and tax</b>		<b>164.28</b>	<b>257.79</b>
<b>VI Exceptional items : Add/(Less)</b>	32	4.71	(17.87)
<b>VII Profit before tax</b>		<b>168.99</b>	<b>239.92</b>
<b>VIII Tax expense</b>	20E		
Current tax		63.26	90.25
Deferred tax (credit) / charge		(21.54)	(12.96)
<b>Total tax expenses</b>		<b>41.72</b>	<b>77.29</b>
<b>IX Profit for the year from after tax (VII - VIII)</b>		<b>127.27</b>	<b>162.63</b>
<b>X Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans : Gain / (Loss)		1.61	2.13
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.41)	(0.74)
<b>Other comprehensive income for the year</b>		<b>1.20</b>	<b>1.39</b>
<b>XI Total Comprehensive Income for the year (IX + X)</b>		<b>128.47</b>	<b>164.02</b>
<b>XII Profit for the year attributable to:</b>			
- Owners of the Company		129.17	164.71
- Non Controlling Interest		(1.90)	(2.08)
<b>XIII Other Comprehensive income for the year</b>			
- Owners of the Company		1.20	1.38
- Non Controlling Interest		-	0.01
<b>XIV Total Comprehensive Income attributable to:</b>			
- Owners of the Company		130.37	166.09
- Non Controlling Interest		(1.90)	(2.07)
<b>XV Earnings per equity share of ₹ 2 each :</b>			
Basic & Diluted	35	5.40	6.74
Notes forming part of the financial statements	1-41		

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Rupen K. Bhatt**  
Partner

**Amit Mittal**  
Chief Financial Officer

**Atindra Basu**  
Head- Legal, Internal Audit &  
Company Secretary

For and on behalf of the Board

**Kewal Handa**  
Director

**Nagesh Basavanhalli**  
Managing Director & CEO

Mumbai, 5<sup>th</sup> June 2020

# Consolidated Statement of Changes in Equity

for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)											
<b>A Equity share capital</b>											
<b>Balance as at 1<sup>st</sup> April 2018</b>	<b>48.84</b>										
Changes in equity share capital during the year	-										
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>48.84</b>										
Buyback of Equity Shares (Refer note 15D)	(2.60)										
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>46.24</b>										
(₹ in Crore)											
	Reserves and surplus							Attributable to the owners	Non controlling interest	Total	
	Capital reserve	Capital reserve on consolidation	Securities premium	General reserve	Statutory reserve	Capital redemption reserve	Employee share options				Retained earnings
<b>B Other equity</b>											
<b>Balance as at 1<sup>st</sup> April 2018</b>	<b>1.34</b>	<b>0.14</b>	<b>34.59</b>	<b>345.17</b>	<b>5.49</b>	-	-	<b>529.38</b>	<b>916.11</b>	-	<b>916.11</b>
Profit for the year	-	-	-	-	-	-	-	164.71	164.71	(2.08)	162.63
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	1.38	1.38	0.01	1.39
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	<b>166.09</b>	<b>166.09</b>	<b>(2.07)</b>	<b>164.02</b>
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-	15.78	15.78
Dividends (including tax on dividends)	-	-	-	-	-	-	-	(161.92)	(161.92)	-	(161.92)
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>1.34</b>	<b>0.14</b>	<b>34.59</b>	<b>345.17</b>	<b>5.49</b>	-	-	<b>533.55</b>	<b>920.28</b>	<b>13.71</b>	<b>933.99</b>
<b>Balance as at 1<sup>st</sup> April 2019</b>	<b>1.34</b>	<b>0.14</b>	<b>34.59</b>	<b>345.17</b>	<b>5.49</b>	-	-	<b>533.55</b>	<b>920.28</b>	<b>13.71</b>	<b>933.99</b>
Profit for the year	-	-	-	-	-	-	-	129.17	129.17	(1.90)	127.27
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	1.20	1.20	-	1.20
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	<b>130.37</b>	<b>130.37</b>	<b>(1.90)</b>	<b>128.47</b>
Acquisitions of balance stake in subsidiary*	-	-	-	-	-	-	-	(70.69)	(70.69)	(11.81)	(82.50)
Buyback of equity shares (Refer note 15D)	-	-	-	-	-	-	-	(224.90)	(224.90)	-	(224.90)
Amount transfer to Capital redemption reserve on Buyback of equity shares (Refer note 15D)	-	-	-	-	-	2.60	-	(2.60)	-	-	-
Filing fees paid to SEBI on Buyback of equity shares	-	-	-	-	-	-	-	(1.15)	(1.15)	-	(1.15)
Payment made towards Listing Fees	-	-	-	-	-	-	-	(1.14)	(1.14)	-	(1.14)
Transition Impact of Ind AS 116 (Refer note 40)	-	-	-	-	-	-	-	(0.61)	(0.61)	-	(0.61)
Employee share options (Refer note 16A)	-	-	-	-	-	-	0.35	-	0.35	-	0.35
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>1.34</b>	<b>0.14</b>	<b>34.59</b>	<b>345.17</b>	<b>5.49</b>	<b>2.60</b>	<b>0.35</b>	<b>362.83</b>	<b>752.51</b>	-	<b>752.51</b>
<b>* Acquisitions of balance stake in Ampere Vehicles Private Limited</b>											
<b>Notes forming part of the financial statements</b>											
1-41											

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Rupen K. Bhatt**  
Partner

**Amit Mittal**  
Chief Financial Officer

**Atindra Basu**  
Head- Legal, Internal Audit &  
Company Secretary

For and on behalf of the Board

**Kewal Handa**  
Director

**Nagesh Basavanhalli**  
Managing Director & CEO

Mumbai, 5<sup>th</sup> June 2020

# Consolidated Statement of Cash Flows

for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
<b>Cash flows from operating activities</b>		
<b>Profit for the year (after tax)</b>	<b>127.27</b>	<b>162.63</b>
<b>Adjustments for:</b>		
Income tax expense	41.72	77.29
Finance costs	5.07	4.04
Interest income	(8.43)	(3.09)
Dividend income	(0.01)	(0.01)
Loss / (Profit) on sale of property, plant & equipment (Net)	0.27	(0.42)
Asset under development written off	3.93	-
Profit on sale of property, plant & equipment (exceptional item)	(10.76)	(2.63)
Fair value gain on investments (Including realised gain)	(4.90)	(30.98)
ESOP Expenses	0.35	-
Depreciation and amortisation expenses	60.94	52.17
Provision for fixed deposit with IL&FS (exceptional item)	-	20.50
Unrealised foreign exchange (gain)/loss	(0.90)	0.85
<b>Operating profit before working capital changes</b>	<b>214.55</b>	<b>280.35</b>
<b>Adjustment for movements in working capital:</b>		
Trade receivables	87.83	(86.97)
Inventories	(60.67)	(17.38)
Other assets	(42.87)	(3.11)
Trade payables	(25.55)	49.54
Provisions	6.64	(3.43)
Other liabilities	(7.93)	17.86
<b>Cash generated from operations</b>	<b>172.00</b>	<b>236.86</b>
Less: Income taxes paid	(70.37)	(91.52)
<b>Net cash generated from operating activities (A)</b>	<b>101.63</b>	<b>145.34</b>
<b>Cash flows from investing activities</b>		
Payments for purchase of property, plant and equipment and capital work-in-progress	(36.58)	(31.11)
Payments for purchase of intangible assets	(39.22)	(45.56)
Proceeds from disposal of property, plant and equipment	14.54	3.59
(Purchase) / (reinvestment) of financial assets	(1,178.12)	(1,378.74)
Proceeds on sale of financial assets	1,599.75	1,495.84
Inter corporate deposits placed	-	(100.85)
Inter corporate deposit matured	-	135.35
Bank deposits placed	(30.00)	(0.80)
Bank deposits matured	0.80	-
Interest received	6.35	4.62
Purchase consideration paid on acquisition of subsidiary	(82.50)	(46.90)
Dividend from current investments	0.01	0.01
<b>Net cash generated from investing activities (B)</b>	<b>255.03</b>	<b>35.45</b>

# Consolidated Statement of Cash Flows

for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
<b>Cash flows from financing activities</b>		
Repayment of Borrowings	(1.56)	(7.87)
Payments towards Buyback of Equity shares	(227.50)	-
Filing fees paid to SEBI on Buyback of Equity shares	(1.15)	-
Payment made towards Listing fees	(1.14)	-
Dividends paid (including tax)	-	(161.92)
Interest paid	(3.48)	(4.04)
Payment made towards lease liabilities	(6.18)	-
<b>Net cash used in financing activities (C)</b>	<b>(241.01)</b>	<b>(173.83)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>115.65</b>	<b>6.96</b>
On acquisition through business combination	-	3.03
<b>Cash and cash equivalents at the beginning of the year</b>	<b>40.14</b>	<b>30.15</b>
<b>Cash and cash equivalents at the end of the year (Refer Note 12)</b>	<b>155.79</b>	<b>40.14</b>
Notes forming part of the financial statements	1-41	

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Rupen K. Bhatt**  
Partner

**Amit Mittal**  
Chief Financial Officer

**Atindra Basu**  
Head- Legal, Internal Audit &  
Company Secretary

For and on behalf of the Board

**Kewal Handa**  
Director

**Nagesh Basavanhalli**  
Managing Director & CEO

Mumbai, 5<sup>th</sup> June 2020

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 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, electric vehicles and 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 two direct and one indirect subsidiary.

The company is public limited company incorporated and domiciled in India. The address of its corporate office is Unit No. 701, 7<sup>th</sup> Floor, Tower 3, Equinox Business Park, LBS Marg, Kurla (West), Mumbai – 400 070.

The Financial statements for the year ended 31<sup>st</sup> March 2020 were approved by the Board of Directors and authorised for issue on 5<sup>th</sup> June 2020.

## Note 2. Summary of Significant Accounting Policies

### 2.1. Statement of compliance:

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

### 2.2. 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 than 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.

### 2.3 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 off during the year are included in the consolidated statement of 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.

#### 2.3.1 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.

## 2.4 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 sale 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.

## 2.5 Revenue recognition:

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

Consequent to the introduction of Goods and Service Tax (GST) with effect from 1<sup>st</sup> July 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Ind-AS 18 on Revenue and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of Revenue.

### 2.5.1 Sale of goods:

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 is recognizing revenue as and when it satisfies the performance obligation by transferring promised goods to a customer and customer obtains control of the same;
- 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.

### 2.5.2 Rendering of services:

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

### 2.5.3 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.

## 2.6 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 (INR), 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 retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in the statement of 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 expenses/ income over the period of contract.

## 2.7 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.

## 2.8 Employee benefits:

### 2.8.1 Defined Contribution Plans:

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.

Contribution to Superannuation Fund and National Pension Scheme, a defined contribution scheme, is made at pre-determined rates to the Superannuation Fund managed by Life Insurance Corporation and various asset management companies under National Pension Scheme and is charged to the statement of profit and loss. There are no other obligations other than the contribution payable to the Superannuation Fund & National Pension Scheme.

### 2.8.2 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 period 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.

### 2.8.3 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 avilment 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.

## 2.9 Share-based payment arrangements

The stock options granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the General reserve within equity. The share based payment equivalent to the fair value as on the date of grant of employee stock options granted to key managerial personnel is disclosed as a related party transaction in the year of grant.

## 2.10 Taxation:

### 2.10.1 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 by the end of the reporting period.

### 2.10.2 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.

### 2.10.3 Current and deferred tax for the year:

Current and deferred tax are recognised in the statement of 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.

### 2.11 Property, plant and equipment:

Cost includes 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.

### 2.12 Investment Property:

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 the statement of 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.

### 2.13 Lease

At inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is, or contains, a lease if a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of commencement of a lease, the Company recognises a right-of-use asset ("ROU assets") and a corresponding lease liability for all leases, except for short term leases and low value leases. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. Lease payments to be made under such reasonably certain extension options are included in the measurement of ROU assets and lease liabilities. ROU assets are amortised on a straight-line basis over the asset's useful life or the lease period whichever is shorter

Lease liability is measured by discounting the lease payments using the interest rate of the incremental borrowing. Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Impairment of ROU assets is in accordance with the policy for impairment of non- financial assets.

The company has opted for exemption provided under Ind AS 116 for short-term leases and leases of low-value assets, hence the lease payments associated with those leases are treated as an expense on a straight-line basis over the lease term.



Effective 1<sup>st</sup> April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1st April 2019, using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application.

## 2.14 Intangible assets:

### 2.14.1 Intangible assets acquired separately:

Goodwill is initially recognised as the excess of consideration paid and acquirer's interest in the net fair value of the identifiable net assets of acquired business. Subsequent to initial measurement, goodwill is measured at cost less accumulated impairment, if any. Goodwill is allocated to the cash-generating unit which is expected to benefit from the business combination.

Own developed intangible assets are capitalised at actual cost. Cost includes all expenses incurred for development of the intangible asset, up to the point the asset is ready for its intended use.

Intangible assets with finite useful lives that are acquired separately or own developed 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.

### 2.14.2 Derecognition of intangible asset:

An intangible asset is derecognised 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 the statement of profit and loss when the asset is derecognised.

### 2.14.3 Useful life of intangible assets:

Estimated useful lives of the intangibles assets are as follows:

- i) Technical know-how is amortised over a period of 5 years.
- ii) Product development is amortised over a period of 3 to 5 years.
- iii) Computer software is amortised over a period of 4 years.

- iv) Process Knowhow is amortised over a period of 7.5 years.
- v) Brand is amortised over a period of 7.5 years.
- vi) Distribution Network is amortised over a period of 5.5 years.

## 2.15 Impairment of tangible and intangible assets other than goodwill:

Property, Plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

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

## 2.16 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 or net realisable value, whichever is lower.

## 2.17 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.

### 2.18 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.

### 2.19 Financial instrument:

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

### 2.20 Financial asset:

All regular way purchases or sales of financial assets are recognised and derecognised 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.

#### 2.20.1 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 the statement of profit and loss. The net gain or loss recognised in the statement of 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.

#### 2.20.2 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.

#### 2.20.3 Derecognition of financial assets:

The Company derecognises a financial asset when the 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.

#### 2.20.4 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 the statement of profit and loss, except for those which are designated as hedging instruments in a hedging relationship.

### 2.21 Financial liabilities:

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

#### 2.21.1 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 remeasurement recognised in the statement of profit and loss. The net gain or loss recognised in the statement of profit and loss is included in the 'other income / expense' line item.

#### 2.21.2 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.

### 2.21.3 Foreign exchange gains and losses:

For financial liabilities that are dominated 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'.

The fair value of financial liabilities dominated 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 the statement of profit and loss.

### 2.21.4 Derecognition of financial liabilities:

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

## 2.22 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 the statement of profit and loss immediately.

## 2.23 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.

## 2.24 Business Combinations

The Group accounts for its business combinations under acquisition method of accounting. The acquiree's identifiable assets including goodwill, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date. The excess of the sum of the consideration transferred, the amount of any

non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed is recognised as goodwill. Any shortfall is treated as a bargain purchase and recognised as capital reserve. Before recognising gain in respect thereof, the Group determines whether there exists clear evidence of underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional asset or liabilities that are identified in that reassessment.

The Group then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Group recognises it directly in equity as capital reserve. The interest in non-controlling interest is initially measured at fair value or at the proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition by acquisition basis. Subsequent to initial acquisition, the carrying amount of non-controlling interest is the amount of those interest in initial recognition plus the non-controlling interest's share of subsequent changes in equity of subsidiaries.

When the consideration transferred by the Group in business combination includes assets or liabilities resulting in a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as a part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments, are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve as the case may be.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

In consolidated financial statements, acquisition of non-controlling interest is accounted as equity transaction. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the

consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business Combination under common control are accounted as per Appendix C in Ind AS 103- Business combinations, at carrying amount of assets and liabilities acquired and any excess of consideration issued over the net assets acquired is recognised as capital reserve on common control business combination.

### Note 3. Critical accounting judgements and key sources of estimation uncertainty:

In the application of the Company's accounting policies, which are described in note 2, 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. Employee Benefits:

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 employment 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. Useful lives of property, plant and equipment & intangible assets:

The Company reviews the useful life of property, plant and equipment & intangible assets at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

#### 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 twenty four months.

#### d. Provisions and Contingent Liabilities:

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

#### e. Impairment of goodwill and intangible assets

Goodwill of ₹ 29.84 crores and intangible assets of ₹ 37.56 crores represent goodwill/intangible assets acquired through business combination and allocated to the Ampere Vehicles Private Limited ("Ampere") Cash Generating Unit (CGU). The recoverable amount is determined based on value in use. The determination of recoverable amount involves significant judgements such as future projection of revenue, EBITDA, weighted average cost of capital and terminal growth. The recoverable amount is significantly dependent on achievement of revenue growth and any change in revenue growth projection could have an impact on recoverable value. The management has considered the CAGR of revenue growth of 88 % for the 5 years.

Based on the above, no impairment was identified as of 31<sup>st</sup> March 2020 as the recoverable value of the CGU exceeded the carrying value.

#### f. Recoverability assessment of Assets:

In assessing the recoverability of assets such as inventories, trade receivables and other assets, based on current indicators of future economic conditions the Company expects to recover the carrying amounts of its assets. The impact of the global health pandemic, COVID 19, may be different from that presently estimated and would be recognised in the financial statements when material changes to economic conditions arise.

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2020

## Note 4. Property, plant and equipment

	Right-of-use assets										
	Freehold Land Buildings					Leasehold land properties					Total
	Land	Buildings	Plant & equipment	Office equipment	Furniture & fixtures	Vehicles	Leasehold improvements	Total Property, plant and equipment	Leasehold land properties	Leased properties	Right-of-use
	(₹ in Crore)										
<b>Cost</b>											
Balance as at 1 <sup>st</sup> April 2018	3.44	76.97	231.10	3.64	7.80	1.47	3.73	348.22	-	-	-
Additions	-	1.52	19.44	0.24	0.07	0.05	3.39	24.71	-	-	-
Acquisitions through business combinations	-	-	2.29	0.22	0.12	-	1.45	4.08	-	-	-
Disposals	-	(0.01)	(7.16)	(0.32)	(1.13)	(0.05)	(2.12)	(10.79)	-	-	-
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>3.44</b>	<b>78.48</b>	<b>245.67</b>	<b>3.78</b>	<b>6.86</b>	<b>1.47</b>	<b>6.45</b>	<b>366.22</b>	<b>0.12</b>	<b>-</b>	<b>0.12</b>
Asset held for sale reclassified (Refer note 14)	-	12.47	-	-	-	-	-	12.47	-	-	-
Asset reclassified to Right-of-use assets	-	-	(20.07)	-	-	-	-	(20.07)	20.07	-	20.07
Additions	-	0.45	29.15	0.74	0.18	0.07	2.31	32.90	-	22.39	22.39
Disposals	-	(1.49)	(2.66)	-	(0.02)	-	-	(4.17)	-	-	-
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>3.44</b>	<b>89.91</b>	<b>272.16</b>	<b>4.52</b>	<b>7.02</b>	<b>1.54</b>	<b>8.76</b>	<b>387.35</b>	<b>20.19</b>	<b>22.39</b>	<b>42.58</b>
<b>Depreciation</b>											
Balance as at 1 <sup>st</sup> April 2018	-	(10.85)	(86.57)	(2.13)	(1.77)	(0.50)	(2.06)	(104.56)	-	-	-
Depreciation expense	-	(3.14)	(26.86)	(0.56)	(0.69)	(0.19)	(0.87)	(32.53)	-	-	-
Disposals	-	0.01	7.06	0.28	1.05	0.04	1.80	10.24	-	-	-
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>-</b>	<b>(13.98)</b>	<b>(106.37)</b>	<b>(2.41)</b>	<b>(1.41)</b>	<b>(0.65)</b>	<b>(1.13)</b>	<b>(126.85)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Adjustment on asset held for sale reclassified (Refer note 14)	-	(3.60)	-	-	-	-	-	(3.60)	(0.01)	-	(0.01)
Asset reclassified to Right-of-use assets	-	-	0.90	-	-	-	-	0.90	(0.90)	-	(0.90)
Depreciation expense	-	(4.57)	(25.95)	(0.54)	(0.73)	(0.14)	(1.64)	(33.57)	(0.22)	(5.38)	(5.60)
Disposals	-	1.39	2.13	-	0.02	-	-	3.54	-	-	-
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>-</b>	<b>(20.76)</b>	<b>(130.19)</b>	<b>(2.95)</b>	<b>(2.12)</b>	<b>(0.79)</b>	<b>(2.77)</b>	<b>(159.58)</b>	<b>(1.13)</b>	<b>(5.38)</b>	<b>(6.51)</b>
<b>Carrying amount</b>											
Balance as at 31 <sup>st</sup> March 2019	3.44	64.50	19.17	1.37	5.45	0.82	5.32	239.37	-	-	-
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>3.44</b>	<b>69.15</b>	<b>141.97</b>	<b>1.57</b>	<b>4.90</b>	<b>0.75</b>	<b>5.99</b>	<b>227.77</b>	<b>19.06</b>	<b>17.01</b>	<b>36.07</b>

Carrying amount of Freehold Building includes ₹ Nil (previous year ₹ 0.09 crore) towards cost of ownership flats in Co-operative Housing Societies / Condominium.

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 5. Investment Properties

	(₹ in Crore)
	<b>Investment properties</b>
<b>Cost</b>	
<b>Balance as at 1<sup>st</sup> April 2018</b>	4.29
Disposals	-
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>4.29</b>
Disposals	(4.04)
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>0.25</b>
<b>Depreciation</b>	
<b>Balance as at 1<sup>st</sup> April 2018</b>	<b>(0.63)</b>
Disposals	-
Depreciation expense	(0.20)
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>(0.83)</b>
Disposals	0.64
Depreciation expense	(0.06)
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>(0.25)</b>
<b>Carrying amount</b>	
Balance as at 31 <sup>st</sup> March 2019	3.46
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>@</b>
Rental income from investment property for the year ended 31 <sup>st</sup> March 2019	0.24
<b>Rental income from investment property for the year ended 31<sup>st</sup> March 2020</b>	<b>-</b>
Direct operating expenses including repairs and maintenance arising from investment property that generated rental income for the year ended 31 <sup>st</sup> March 2019	0.09
<b>Direct operating expenses including repairs and maintenance arising from investment property that generated rental income for the year ended 31<sup>st</sup> March 2020</b>	<b>0.05</b>

@ Represents amount less than ₹ 1 lakh

Fair value of investment property

The company has obtained valuation of its investment properties from an independent valuer. The fair values were ₹ 5.24 crore (previous year ₹ 13.74 crore) (Level 3).

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 6. Intangible assets

Cost	(₹ in Crore)								Total
	Technical knowhow	Product development	Computer software	Non-compete Fees	Process knowhow	Brand	Assembled workforce	Distribution network	
<b>Balance as at 1<sup>st</sup> April 2018</b>	14.95	34.35	11.39	-	-	-	-	-	60.69
Additions	0.08	2.21	1.33	5.00	-	-	-	-	8.62
Acquisitions through business combinations	-	-	0.56	-	27.91	15.63	1.60	0.65	46.35
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>15.03</b>	<b>36.56</b>	<b>13.28</b>	<b>5.00</b>	<b>27.91</b>	<b>15.63</b>	<b>1.60</b>	<b>0.65</b>	<b>115.66</b>
Additions	28.41	6.96	5.98	-	1.16	-	-	-	42.51
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>43.44</b>	<b>43.52</b>	<b>19.26</b>	<b>5.00</b>	<b>29.07</b>	<b>15.63</b>	<b>1.60</b>	<b>0.65</b>	<b>158.17</b>
<b>Amortisation</b>									
<b>Balance as at 1<sup>st</sup> April 2018</b>	(9.78)	(12.97)	(7.47)	-	-	-	-	-	(30.22)
Amortisation expense	(2.58)	(11.43)	(2.16)	(0.37)	(1.80)	(1.04)	-	(0.06)	(19.44)
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>(12.36)</b>	<b>(24.40)</b>	<b>(9.63)</b>	<b>(0.37)</b>	<b>(1.80)</b>	<b>(1.04)</b>	<b>-</b>	<b>(0.06)</b>	<b>(49.66)</b>
Amortisation expense	(3.13)	(8.02)	(2.52)	(0.83)	(5.01)	(2.08)	-	(0.12)	(21.71)
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>(15.49)</b>	<b>(32.42)</b>	<b>(12.15)</b>	<b>(1.20)</b>	<b>(6.81)</b>	<b>(3.12)</b>	<b>-</b>	<b>(0.18)</b>	<b>(71.37)</b>
<b>Carrying Amount</b>									
Balance as at 31 <sup>st</sup> March 2019	2.67	12.16	3.65	4.63	26.11	14.59	1.60	0.59	66.00
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>27.95</b>	<b>11.10</b>	<b>7.11</b>	<b>3.80</b>	<b>22.26</b>	<b>12.51</b>	<b>1.60</b>	<b>0.47</b>	<b>86.80</b>

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 7. Investments

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020 Amount	As at 31 <sup>st</sup> March 2019 Amount
<b>Non- current</b>		
<b>7A Other Investments (at fair value)</b>		
Investment in Mutual Funds (Unquoted)	-	228.17
Investment in equity shares (Quoted)	0.03	0.06
Investment in equity shares (Unquoted)	@	@
<b>Other Investments (at fair value)</b>	<b>0.03</b>	<b>228.23</b>
@ Represents amount less than ₹ 1 lakh		

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020 Amount	As at 31 <sup>st</sup> March 2019 Amount
<b>Current (Unquoted)</b>		
<b>7B Other Investments</b>		
<b>Investments in Mutual Funds (at fair value)</b>	<b>2.80</b>	<b>191.33</b>
Aggregate carrying value of unquoted investments- Current	2.80	191.33
Aggregate cost of unquoted investment- Mutual Funds	2.68	368.56

Note:

- The fair value of other investments (Non-current and Current) as at 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019 have been arrived at on the basis of Net Asset Value (NAV) declared by the Mutual Funds (Level 1).
- Also refer Note 33B.

## Note 8. Other financial assets

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>8A Non-current</b>		
Security deposits	6.69	7.69
Margin money deposits with banks	2.22	1.84
Other assets- Employee advances, etc.	0.03	0.35
<b>Non-current total</b>	<b>8.94</b>	<b>9.88</b>
<b>8B Current</b>		
Export benefit receivables	0.90	2.14
Security deposits	9.31	5.83
Derivative financial instruments	-	0.18
Fixed deposits with financial institutions	20.50	20.50
Less: Provision for doubtful deposits	(20.50)	(20.50)
	-	-
Interest receivable	2.07	0.09
Other assets- Claim receivable, Employee advances, etc.	2.72	2.44
<b>Current total</b>	<b>15.00</b>	<b>10.68</b>
<b>Total</b>	<b>23.94</b>	<b>20.56</b>

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 33B)



# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 9. Other assets

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>9A Non-current</b>		
Capital advances	7.00	4.38
Prepaid expenses	0.56	0.86
Balances with Customs, Port Trust, Central Excise etc.	29.51	20.64
<b>Non-current total</b>	<b>37.07</b>	<b>25.88</b>
<b>9B Current</b>		
Advances to suppliers	45.72	14.84
Allowance for bad and doubtful advances	-	(0.90)
	45.72	13.94
Prepaid expenses	1.70	2.13
Balances with Customs, Port Trust, Central Excise, GST etc.	6.59	8.19
Other advances (Gratuity)	3.06	-
<b>Current total</b>	<b>57.07</b>	<b>24.26</b>
<b>Total</b>	<b>94.14</b>	<b>50.14</b>

## Note 10. Inventories

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Inventories (lower of cost and net realisable value)</b>		
Raw materials	92.72	61.85
Work-in-progress	8.12	7.99
Finished goods	57.76	35.35
Stock-in-trade	28.30	21.33
Stores and spares	4.22	3.96
Loose tools	3.31	3.28
<b>Total</b>	<b>194.43</b>	<b>133.76</b>

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>1</b>		
Raw materials include in transit	7.19	5.47
Stock-in-trade include in transit	4.98	1.87

- 2 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 up to ₹ 20.96 crore (previous year ₹ 18.13 crore) and ₹ 8.57 crore (previous year ₹ 8.28 crore) respectively.

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 11. Trade receivables

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Trade receivables considered good- Secured*	67.22	195.03
Trade receivables considered good- Unsecured	187.77	147.27
Trade receivables- credit impaired	43.23	24.37
Allowance for doubtful debts (expected credit loss allowance)	(43.23)	(24.37)
	<b>254.99</b>	<b>342.30</b>

Note:

- Also refer Note 33  
\* Secured trade receivables are against letters of credit, bank guarantees and security deposits.
- Provision matrix  
The company has robust policy of provisioning. The Overdue debtors above 1 year is critically reviewed and necessary provisions between 50% to 100% is done.
- 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 up to ₹ 20.96 crore (previous year ₹ 18.13 crore) and ₹ 8.57 crore (previous year ₹ 8.28 crore) respectively.

## Note 12. Cash and cash equivalents

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Cash on hand	0.01	@
Cheques, drafts on hand	-	4.05
Fixed deposits with maturity less than 3 months	135.00	10.00
Balances with banks		
In current accounts	20.78	26.09
	<b>155.79</b>	<b>40.14</b>

@ Represents amount less than ₹ 1 lakh

## Note 13. Bank balances other than cash and cash equivalents

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Term deposits with maturity exceeding 3 months and less than 12 months	30.00	0.80
Unpaid dividend accounts	3.90	3.95
	<b>33.90</b>	<b>4.75</b>

## Note 14. Assets classified as held for sale

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Leasehold land and buildings thereon	-	12.59
Less: Impairment	-	(3.61)
	<b>-</b>	<b>8.98</b>

During the year, the company has reclassified asset held for sale into property, plant and equipment and right-of-use, as management does not see any opportunity in immediate future to sell the said leasehold land and buildings.

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 31<sup>st</sup> March 2020**Note 15. Equity share capital**

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Authorised</b>		
25,00,00,000 Equity shares of ₹ 2 each	-	50.00
25,00,000 Redeemable preference shares of ₹ 100 each	-	25.00
37,50,00,000 Equity shares of ₹ 2 each	75.00	-
<b>Issued, subscribed and fully paid up</b>		
23,12,06,795 Equity shares of ₹ 2 each	46.24	48.84
(PY 24,42,06,795 Equity shares of ₹ 2 each)		
	<b>46.24</b>	<b>48.84</b>

Particulars	No. of shares	₹ in Crore
<b>15A Fully paid equity shares</b>		
As at 1 <sup>st</sup> April 2019	24,42,06,795	48.84
Less: Buyback of equity shares (Refer note 15D)	1,30,00,000	(2.60)
<b>As at 31<sup>st</sup> March 2020</b>	<b>23,12,06,795</b>	<b>46.24</b>

Particulars	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
	Number of shares held in the Company	Percentage of shares held	Number of shares held in the Company	Percentage of shares held
<b>15B Shares in the Company held by each shareholder holding more than 5% shares</b>				
Fully paid equity shares				
DBH International Private Limited	9,87,64,252	42.72%	9,87,46,790	40.44%
Bharat Starch Products Private Limited	1,37,75,865	5.96%	1,37,75,865	5.64%
Karun Carpets Private Limited	1,42,09,060	6.15%	1,42,09,060	5.82%

**15C 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.

**15D** During the year, the Company has completed the Buyback of 1,30,00,000 Equity Shares as approved by the Board of Directors on 2<sup>nd</sup> May 2019. This has resulted in total cash outflow of ₹ 227.50 Crore. In line with requirement of The Companies Act, 2013 an amount of ₹ 224.90 Crore has been utilised from retained earnings. Further, Capital Redemption Reserves of ₹ 2.60 Crore (representing the nominal value of the shares bought back) has been created as an appropriation from retained earnings. Consequent of such Buyback, share capital has reduced by ₹ 2.60 Crore.

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
<b>15E Dividends</b>		
Interim dividend was declared by the Board of Directors in the meeting held on 4 <sup>th</sup> February 2019, ₹ 4.00 per share.	-	97.68
Final dividend for the year ended 31 <sup>st</sup> March 2018, ₹ 1.50 per share (Proposed by Board of Directors in the meeting held on 3 <sup>rd</sup> May 2018 and was approved by Shareholders in the meeting held on 13 <sup>th</sup> August 2018)	-	36.63
Dividend distribution tax on above	-	27.61

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 16. Other equity

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Reserves and surplus		
Capital reserve <sup>1</sup>	1.34	1.34
Capital reserve on consolidation <sup>2</sup>	0.14	0.14
Securities premium <sup>3</sup>	34.59	34.59
General reserve <sup>4</sup>	345.17	345.17
Statutory reserve <sup>5</sup>	5.49	5.49
Capital Redemption reserve <sup>1</sup>	2.60	-
Employee Share Options <sup>16A</sup>	0.35	-
Retained earnings*	362.83	533.55
	<b>752.51</b>	<b>920.28</b>

- This is not available for distribution of dividend but can be utilised for issuing bonus shares.
- The capital reserve is generated on consolidation due to the difference between the assets received being higher than the consideration paid.
- 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.
- 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.
- The reserve is created as per the requirements under section 45-IC of Reserve Bank of India Act, 1934.

\*Refer Statement of changes in equity

### 16A Stock option schemes

#### I. Terms:

- Only employees within the meaning of this Scheme are eligible for being granted Stock Options under ESOP- 2019. The specific employees to whom the stock options would be granted and their eligibility criteria would be determined by the Board/Committee. The options are vested equally over a period of 3 years.

The options granted shall vest so long as an employee continues to be in the employment of the Company or the Holding company or its Subsidiary company as the case may be. The Committee may, at its discretion, lay down certain performance metrics on the achievement of which such options would vest, the detailed terms and conditions relating to such vesting, and the proportion in which options granted would vest subject to the minimum vesting period of 1 (one) year.

Options granted under ESOP 2019 would vest subject to maximum period of 7 (seven) years from the date of grant of such options.

- Options can be exercised anytime within a period of 6 years from the date of respective vesting of options and would be settled by way of issue of equity shares.

Management has discretion to modify the exercise period.

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 16. Other equity (Contd.)

II. The details of the grants under the aforesaid scheme are summarized below:

Sr. No.	Greaves Cotton- Employees Stock Option Plan 2019-ESOP-2019
i. Grant price	₹ 134.86
ii. Grant date	9 <sup>th</sup> December 2019
iii. Vesting commences on	9 <sup>th</sup> December 2019
iv. Options granted and outstanding at the beginning of the year	-
v. No. of options granted during 2019-20	6,36,215
vi. No. of options outstanding- 31.03.2020	6,36,215

III. A. In respect of stock options granted pursuant to the Company's stock options scheme, the fair value of the options granted during the year which is ₹ 49.42 per option, is treated as discount and accounted as employee compensation over the vesting period.

B. Expense on Employee Stock Option Schemes debited to the Statement of Profit and Loss during 2019-20 is ₹ 0.35 Crore.

IV. The fair value has been calculated using the binomial option pricing model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

Sr. No.	Particulars	2019-20
i.	Weighted average risk-free interest rate	6.66%
ii.	Weighted average expected life of options	3 years
iii.	Weighted average expected volatility	26.75%
iv.	Weighted average expected dividends over the life of the option	₹ 4 per option
v.	Weighted average exercise price	₹ 134.86 per share
vi.	Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option.

V. The balance in share options (net) account as at March 31 2020 is ₹ 0.35 Crore.

## Note 17. Borrowings

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>17A Non-current</b>		
<b>Secured -at amortized cost</b>		
Term Loan		
- from government (refer note (i))	-	1.46
- from other parties (refer note (ii))	-	3.81
<b>Non-current total</b>	<b>-</b>	<b>5.27</b>
<b>17B Current</b>		
<b>Unsecured -at amortized cost</b>		
Loans repayable on demand from banks (refer note (iii))	7.57	5.86
WCDL Loan from bank (iv)	2.00	-
<b>Current total</b>	<b>9.57</b>	<b>5.86</b>
<b>Total</b>	<b>9.57</b>	<b>11.13</b>

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 17. Borrowings (Contd.)

- i) On 15<sup>th</sup> July 2016, Ampere Vehicles Private Limited (“Ampere”), the Company’s subsidiary has entered into an agreement with Technology Development Board in relation to the development of Charger, DC-DC converter and motors. The Company accrues interest at 5% per annum, payment commencing from 1<sup>st</sup> August 2020. The repayment of principal will be repaid in nine half-yearly instalments, to be paid from 1<sup>st</sup> August 2019. The loan is secured by assets purchased out of the funds Technology Development Board and patents registered under the project. Further secured by personal pledge of shares by the Managing Director.
- ii) Ampere Vehicles Private Limited (“Ampere”), the Company’s subsidiary has a loan facility from Caspian Impact investments Pvt Ltd with interest rate of 15%. Repayment of principal on monthly basis after a moratorium period of 3 months; and interest on monthly basis. Hypothecated by way of second ranking charge over all assets, so as to provide a security cover of atleast 1.50 times of outstanding credit facility.
- iii) Ampere Vehicles Private Limited (“Ampere”), the Company’s subsidiary has working capital loans from Yes Bank, with exclusive charge on all current assets, property plant and equipment and intangibles (except for those charged with TDB, for which second charge is created). Interest rate 12M MCLR + 3.1%.
- iv) Ampere Vehicles Private Limited (“Ampere”), the Company’s subsidiary has working capital loans from Kotak Bank, with exclusive charge on all current assets, property plant and equipment and intangibles. Interest rate at 8.75%.

## Note 18. Other financial liabilities

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>18A Non-current</b>		
Employee benefits payable	-	4.13
Others	0.37	-
<b>Non-current total</b>	<b>0.37</b>	<b>4.13</b>
<b>18B Current</b>		
Employee benefits payable	19.28	19.29
Unpaid dividends*	3.90	3.95
Deposits from dealers	6.12	6.88
Capital creditors	9.97	7.23
Derivative financial instruments	@	0.69
Others	0.71	0.71
<b>Current total</b>	<b>39.98</b>	<b>38.75</b>
<b>Total</b>	<b>40.35</b>	<b>42.88</b>

\* 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.

@ Represents amount less than ₹ 1 lakh

Current financial liabilities are measured at amortised cost as the fair values are not different from their carrying amounts. (Refer Note 33B)

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 19. Provisions

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>19A Non-current</b>		
Provision for employee benefits		
Gratuity & Ex-gratia	1.34	0.51
<b>Non-current total</b>	<b>1.34</b>	<b>0.51</b>
<b>19B Current</b>		
Provision for employee benefits		
Compensated absences	9.09	9.41
Gratuity & Ex-gratia	0.40	1.07
Provision for warranty	14.97	9.99
Other provisions	0.21	-
<b>Current total</b>	<b>24.67</b>	<b>20.47</b>
<b>Total</b>	<b>26.01</b>	<b>20.98</b>

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Movement in provision for warranty</b>		
Opening balance	9.99	9.50
Acquisitions through business combinations	-	1.12
Provision recognised during the year	12.74	13.90
Amount utilised during the year	(7.76)	(14.53)
<b>Closing balance</b>	<b>14.97</b>	<b>9.99</b>

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 twenty four months.

## Note 20. Deferred tax

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>20A Analysis of deferred tax liabilities presented in the balance sheet:</b>		
Deferred tax assets (net)	9.66	1.55
Deferred tax liabilities (net)	(9.01)	(22.49)
<b>Deferred tax assets /(liabilities) (net)</b>	<b>0.65</b>	<b>(20.94)</b>

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 20. Deferred tax (Contd.)

(₹ in Crore)

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<b>20B Movement in deferred taxes during the year ended 31<sup>st</sup> March 2020</b>				
<b>Deferred tax asset/(liability) in relation to:</b>				
Depreciation	(39.75)	16.20	-	(23.55)
Provision for post retirement benefits and other employee benefits	3.78	(0.35)	-	3.43
Allowance for doubtful debts and advances	8.27	2.49	-	10.76
Fair value of financial instruments	(4.46)	4.46	-	-
Other temporary differences	11.22	(1.26)	0.05	10.01
	<b>(20.94)</b>	<b>21.54</b>	<b>0.05</b>	<b>0.65</b>

(₹ in Crore)

	Opening balance	Acquisitions through business combinations	Recognised in profit or loss	Closing balance
<b>20C Movement in deferred taxes during the year ended 31<sup>st</sup> March 2019</b>				
<b>Deferred tax asset/(liability) in relation to:</b>				
Depreciation	(28.86)	(14.88)	3.99	(39.75)
Provision for post retirement benefits and other employee benefits	3.35	0.18	0.25	3.78
Allowance for doubtful debts and advances	8.38	0.71	(0.82)	8.27
Fair value of financial instruments	(7.73)	-	3.27	(4.46)
Other temporary differences	4.70	0.25	6.27	11.22
	<b>(20.16)</b>	<b>(13.74)</b>	<b>12.96</b>	<b>(20.94)</b>

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>20D Unrecognised deductible timing differences, unused tax losses and unused tax credits</b>		
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)	17.88	27.08
	<b>17.88</b>	<b>27.08</b>



# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 20. Deferred tax (Contd.)

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>20E Gross deferred tax assets and liabilities are as follows:</b>		
<b>Deferred tax assets</b>		
Depreciation	(14.54)	0.42
Provision for post retirement benefits and other employee benefits	3.43	0.18
Allowance for doubtful debts and advances	10.76	0.71
Other temporary differences	10.01	0.24
<b>Gross Deferred tax assets</b>	<b>9.66</b>	<b>1.55</b>
<b>Deferred tax liability</b>		
Depreciation	(9.01)	(40.16)
Provision for post retirement benefits and other employee benefits	-	3.60
Allowance for doubtful debts and advances	-	7.56
Fair value of financial instruments	-	(4.46)
Other temporary differences	-	10.97
<b>Gross Deferred tax liability</b>	<b>(9.01)</b>	<b>(22.49)</b>

(₹ in Crore)

	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
<b>20F The income tax expense for the year can be reconciled to the accounting profit as follows:</b>		
<b>Profit before tax</b>	<b>168.99</b>	<b>239.92</b>
Income tax expenses calculated at 25.168% (previous year 34.944%)	42.53	83.84
<b>Differences due to:</b>		
Tax on income at different rates	13.30	(1.74)
Deduction u/s 35(2AB)- R&D expenses	-	(3.91)
Effect of concessions (Long term capital loss set off)	(9.81)	(4.04)
Effect on deferred tax balances due to change in income tax rate	(5.66)	-
Others	1.36	3.14
<b>Total tax expense</b>	<b>41.72</b>	<b>77.29</b>

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 21. Trade payables

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Trade payables</b>		
Due to micro enterprises and small enterprises*	31.15	32.40
Other than micro enterprises and small enterprises	267.50	291.67
	<b>298.65</b>	<b>324.07</b>

Also refer Note 33

\* 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.

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Principal amount and interest due:		
Principal amount	31.15	32.40
Interest due	@	@
Interest paid by buyer in terms of section 16 of MSMED Act	-	-
Amount paid beyond the appointed day	28.66	24.91
Interest due and payable to supplier, for payment already made under MSMED Act	0.32	0.37
Amount of interest accrued and remaining unpaid at the end of accounting year	0.76	0.71
Amount of further interest remaining due and payable even in succeeding years	0.09	0.07

@ Represents amount less than ₹ 1 lakh

## Note 22. Other liabilities

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>22A Non-current</b>		
Advances from Customers	24.26	14.78
Other payables	0.22	-
<b>Non-current total</b>	<b>24.48</b>	<b>14.78</b>
<b>22B Current</b>		
Advances from customers	8.30	10.97
Statutory dues	8.53	19.18
Other payables	1.32	1.10
<b>Current total</b>	<b>18.15</b>	<b>31.25</b>
<b>Total</b>	<b>42.63</b>	<b>46.03</b>

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 23. Revenue from operations

	(₹ in Crore)	
	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019
<b>Sale of products</b>		
(i) Finished goods	1,712.05	1,860.89
(ii) Stock-in trade	190.66	148.01
	<b>1,902.71</b>	<b>2,008.90</b>
<b>Service income</b>	5.45	3.19
<b>Other operating revenue</b>		
(i) Export incentive	1.86	2.95
(ii) Others	0.94	0.28
	<b>1,910.96</b>	<b>2,015.32</b>

The company manufactures engines and its applications like power generating sets, pumps, farm equipment etc.

It derives its revenue from sale of such engines, power generating sets, farm equipment. It also earns revenue from servicing of power generating sets. The Company also trades in the spares of the engines and other products like construction equipment and electric vehicles.

Effective 1<sup>st</sup> April 2018, the company has adopted Ind AS 115 'Revenue from contracts with customers'.

Accordingly, the company is recognizing the revenue as and when it satisfies the performance obligation by transferring promised good or service to a customer and customer obtains the control of the same.

In case of exports the revenue is recognized based on the Bills of Lading received from the shipping companies who assume control of goods on behalf of the customers.

The products which are sold to OEMs and direct end customers, the prices are pre-determined as per negotiations and long term supply contracts. The products which are sold through dealer network have the dealer prices as determined and circulated by the company.

The company also offers cash discounts and volume discounts and the same are netted off against the gross revenue. The volume discounts are accrued on a regular basis based on off take of each dealer / customer.

The revenue is recognised on satisfaction of performance obligation and transferring control to the customer and hence the same is recognised at point in time. The company dis-aggregates revenue on the basis of its segments viz. engines, electric mobility and others as well as geographical operations viz. domestic and overseas (refer Note No. 34A & 34D). The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

The company also gives the performance assurance warranties for its products, undertaking to repair / replace the items if they fail within stipulated time or usage. The provision for such warranties is made based on the historical data and is accounted separately under other expenses.

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 24. Other Income

	(₹ in Crore)	
	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019
Interest income earned on financial assets not designated as at FVTPL		
Deposits	8.32	2.97
Other financial assets	0.11	0.12
Dividend income		
From other investments	0.01	0.01
Fair value (loss) / gain		
Investments measured at FVTPL	(50.71)	(4.26)
Profit on sale of investments (Net)	55.61	35.24
Profit on sale of property, plant and equipment (Net)	-	0.42
Exchange fluctuation- gain (Net)	1.31	-
Scrap sales	1.95	2.69
Miscellaneous income	3.56	4.61
	<b>20.16</b>	<b>41.80</b>

## Note 25. Cost of materials consumed

	(₹ in Crore)	
	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019
Raw materials consumed		
Opening stock	61.85	53.75
Acquisitions through business combinations	-	6.01
Purchases	1,219.47	1,289.06
Less : Closing stock	92.72	61.85
	<b>1,188.60</b>	<b>1,286.97</b>

## Note 26. Purchases of stock-in-trade

	(₹ in Crore)	
	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019
Traded goods	158.47	110.97

## Note 27. Changes in inventories of finished goods, stock-in-trade and work-in-progress

	(₹ in Crore)	
	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019
<b>Opening inventories</b>		
Finished goods	35.35	29.14
Work-in-progress	7.99	5.46
Stock-in-trade	21.33	13.80
	<b>64.67</b>	<b>48.40</b>
<b>Closing inventories</b>		
Finished goods	57.76	35.35
Work-in-progress	8.12	7.99
Stock-in-trade	28.30	21.33
	<b>94.18</b>	<b>64.67</b>
<b>Total</b>	<b>(29.51)</b>	<b>(16.27)</b>

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 28. Employee benefits expense

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Salaries and wages	155.70	161.36
Contribution to provident funds and other funds	14.59	14.88
Staff welfare expenses	10.87	11.27
	<b>181.16</b>	<b>187.51</b>
Less: Capitalised towards product development	8.55	9.57
	<b>172.61</b>	<b>177.94</b>

### Employee benefit plans

#### 28A Defined contribution plans

The amount recognised as an expense during the year ended 31<sup>st</sup> March 2020 towards Provident Fund (including admin charges), ESIC contribution and Superannuation & National Pension Scheme is ₹ 7.12 crore (previous year ₹ 7.24 crore), ₹ 0.13 crore (previous year ₹ 0.35 crore) and ₹ 4.77 crore (previous year ₹ 4.99 crore) respectively.

**28B** The Company, based on legal opinion, is of the view that the Ruling issued on 28<sup>th</sup> February 2019 by the Honorable Supreme Court, clarifying the definition of basic wages under The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 is applicable from the date of the said Ruling. Accordingly, the Company has given effect to the said Ruling on a prospective basis with effect from 1<sup>st</sup> April 2019.

#### 28C 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.

<b>Investment risk</b>	The present value of the defined benefit plan obligation is based on the Indian government security yields prevailing as at 31 <sup>st</sup> March 2020 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.
<b>Interest risk</b>	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.
<b>Longevity risk</b>	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.
<b>Salary risk</b>	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 31<sup>st</sup> March 2020

## Note 28. Employee benefits expense (Contd.)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

(₹ in Crore)

Particulars	Valuation as at			
	31 <sup>st</sup> March 2020		31 <sup>st</sup> March 2019	
Discount rate(s)	6.25%		7.45%	
Expected rate(s) of salary increase	MGMT : 8%, NMGT : 6%		MGMT : 8%, NMGT : 6%	
Mortality rates	Age(Years)	Rates (p.a.)	Age(Years)	Rates (p.a.)
	18	0.000874	18	0.000800
	23	0.000936	23	0.000961
	28	0.000942	28	0.001017
	33	0.001086	33	0.001164
	38	0.001453	38	0.001549
	43	0.002144	43	0.002350
	48	0.003536	48	0.003983
	53	0.006174	53	0.006643
58	0.009651	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 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
<b>Service cost:</b>		
Current service cost	2.47	2.54
Past service cost and gain from settlements	-	-
Interest on net defined benefit asset	(0.05)	0.19
<b>Components of defined benefit costs recognised in profit or loss during the year</b>	<b>2.42</b>	<b>2.73</b>
<b>Opening amount recognised in other comprehensive income :</b>	(2.30)	(0.17)
Re-measurement during the year due to:		
Changes in financial assumptions	1.75	0.30
Changes in demographic assumptions	(0.70)	-
Experience adjustments	(0.93)	(1.44)
Actual return on plan assets less interest on plan assets	(1.73)	(0.99)
<b>Closing amount recognised in other comprehensive income :</b>	<b>(3.91)</b>	<b>(2.30)</b>
<b>Components of defined benefit (income) /cost recognised in other comprehensive income during the year</b>	<b>(1.61)</b>	<b>(2.13)</b>

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 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Present value of funded defined benefit obligation	32.15	34.42
Fair value of plan assets	34.56	34.29
Funded status	<b>(2.41)</b>	<b>0.13</b>
<b>Net (asset)/ liability arising from defined benefit obligation</b>	<b>(2.41)</b>	<b>0.13</b>

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 28. Employee benefits expense (Contd.)

Movements in the present value of the defined benefit obligation are as follows:

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Opening defined benefit obligation	34.42	35.88
Current service cost	2.47	2.47
Past service cost	-	-
Interest on defined benefit obligation	2.28	2.45
Re-measurement due to:		
Actuarial losses/(gains) arising from changes in financial assumptions	1.75	0.30
Actuarial gains arising from changes in demographic assumptions	(0.70)	-
Actuarial (gains)/losses arising from experience changes	(0.93)	(1.45)
Benefits paid	(7.14)	(5.23)
<b>Closing defined benefit obligation</b>	<b>32.15</b>	<b>34.42</b>

Movements in the fair value of the plan assets are as follows:

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Opening fair value of plan assets	34.29	33.22
Interest income	2.33	2.28
Re-measurement gain/(loss):		
Return on plan assets (excluding amounts included in net interest expense)	0.94	0.98
Contributions from the employer	4.14	3.44
Benefits paid	(7.14)	(5.63)
<b>Closing fair value of plan assets</b>	<b>34.56</b>	<b>34.29</b>

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	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Cash and cash equivalents	0.04	0.15
Non quoted value :		
Insurer managed fund	34.52	34.14
<b>Total</b>	<b>34.56</b>	<b>34.29</b>

### 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.

	Year ended 31 <sup>st</sup> March 2020		Year ended 31 <sup>st</sup> March 2019	
	Discount rate	Salary escalation rate	Discount rate	Salary escalation rate
Impact of increase in 50 bps on DBO	(0.05)	1.34	(0.39)	1.15
Impact of decrease in 50 bps on DBO	1.35	(0.04)	1.19	(0.36)

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 28. Employee benefits expense (Contd.)

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 31<sup>st</sup> March 2020 is 11.05 years, (as at 31<sup>st</sup> March 2019: 11.24 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	2019-2020	2018-2019
Expected benefits for year 1 to 3	18.96	17.50
Expected benefits for year 4 and 5	8.89	9.71
Expected benefits for year 6 and above	17.71	25.64

## Note 29. Finance costs

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Interest expenses	2.75	3.91
Other borrowing costs	2.32	0.13
	<b>5.07</b>	<b>4.04</b>

## Note 30. Depreciation and amortisation expense

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Depreciation of property, plant and equipment (Note 4)	33.57	32.53
Depreciation of right-of-use assets (Note 4)	5.60	-
Depreciation of investment property (Note 5)	0.06	0.20
Amortisation of intangible assets (Note 6)	21.71	19.44
	<b>60.94</b>	<b>52.17</b>

## Note 31. Other expenses

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Stores and spares consumed	7.24	7.30
Power, fuel and electricity	13.64	13.41
Contracting expenses	30.83	26.98
Repairs and maintenance:		
Buildings	0.50	0.64
Plant & equipment	3.84	3.94
Others	2.32	1.78
Brokerage and commission	2.45	2.55
Rent	4.77	9.71
Lease rentals	1.30	2.67
Insurance	2.67	2.23



# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 31. Other expenses (Contd.)

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Bad debts/ advances written-off (i)	-	4.19
Less: Allowance for doubtful debts/advances (ii)	-	(4.19)
Bad debts/ Advances written-off (i)-(ii)	-	-
Allowance for doubtful debts/advances	18.86	1.99
Rates and taxes	1.36	1.08
Advertisement and sales promotion expenses	14.90	11.99
Travelling	12.52	13.90
Loss on sale property, plant and equipment	0.27	-
Carriage and freight	27.72	26.41
Printing & stationery	0.72	0.69
Warranty expenses	12.74	13.90
Legal, professional and consultancy charges	14.14	11.00
Exchange fluctuation- loss (Net)	-	0.64
Asset under development written off	3.93	-
Miscellaneous expenses	33.94	30.70
	<b>210.66</b>	<b>183.51</b>

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
<b>31A Miscellaneous expenses include:</b>		
<b>Auditors' remuneration and expenses</b>		
Statutory audit fees	0.63	0.56
Limited review	0.23	0.17
Others		
Fees for certification	0.10	0.09
Reimbursement of out-of-pocket expenses	0.02	0.02
<b>Payments to tax auditors</b>		
Tax audit fees	0.09	0.08
<b>Payments to cost auditors</b>		
Cost audit fees	0.09	0.07
Reimbursement of out-of-pocket expenses	@	@
@ Represents amount less than ₹ 1 lakh		
<b>31B Expenditure incurred on corporate social responsibility activities</b>		
(1) Gross amount required to be spent by the company during the year	4.52	4.56
(2) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	4.62	2.18

## Note 32. Exceptional Items

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
(i) Profit on sale of immovable property	10.76	2.63
(ii) Provision for Fixed deposit with IL&FS	-	(20.50)
(iii) Employee separation cost	(6.05)	-
	<b>4.71</b>	<b>(17.87)</b>

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 33. Risk management

### 33A 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.

### 33B 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. 7, 8, 11, 12, 13, 17, 21 & 40 to financial statements.

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Financial assets</b>		
<b>Measured at fair value through profit or loss (FVTPL)</b>		
Mutual fund	2.80	419.50
Investment in equity shares	0.03	0.06
Derivative financial instruments	-	0.18
<b>Measured at amortised cost *</b>		
Cash and bank balances	189.69	44.89
Trade receivable	254.99	342.30
Security Deposits	16.00	13.52
Margin money with Banks	2.22	1.84
Others	5.72	5.02
<b>Financial liabilities</b>		
<b>Measured at Fair value through profit or loss (FVTPL)</b>		
Derivative financial instruments	@	0.69
<b>Measured at amortised cost*</b>		
Trade payable	298.65	324.07
Unpaid dividends	3.90	3.95
Deposits from dealers	6.12	6.88
Capital creditors	9.97	7.23
Employee benefits payable	19.28	23.42
Borrowings & Interest accrued	9.57	11.13
Lease liabilities	21.21	-
Others	1.08	0.71

\* The management considers carrying amount of financial assets and financial liabilities, recognised in the financial statement, approximate their fair values.

@ Represents amount less than ₹ 1 lakh

### 33C Financial and liquidity risk management objectives

- i) The Company has a very conservative policy on investing surplus funds. The investments are in fixed deposits with banks. For short duration on daily cash requirements funds are invested in overnight/ liquid funds. Highest rated portfolios of the mutual funds are selected with high liquidity.
- ii) The average payment terms of creditors (trade payables) is in the range of 90-120 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 two parties have more than 5% of the total outstanding amount and one of them is fully secured by letter of credit.

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 33. Risk management (Contd.)

- iv) Of the total outstanding as at reporting date, 26% 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.

### 33D 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 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
USD	11.36	12.52	0.90	0.78
EUR	0.26	0.42	1.66	-
GBP	-	-	0.07	-
CNY	-	-	1.48	-

- (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.

### 33E 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.

### 33F Fair value measurements

This note provides information about how the Company determines fair value of various financial asset and financial liabilities.

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on recurring basis:

Some of Company's 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

Financial asset / Financial liabilities	Fair values		Fair value hierarchy	Valuation technique and key input
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019		
<b>Financial assets</b>				
Mutual fund	2.80	419.50	Level 1	
Investment in equity shares (Quoted)	0.03	0.06	Level 1	
Investment in equity shares (Unquoted)	@	@	Level 3	
Derivative financial instruments	-	0.18	Level 2	Discounted Cash Flows used by Banks for Mark to Market
<b>Financial liabilities</b>				Discounted Cash Flows used by Banks for Mark to Market
Derivative financial instruments	@	0.69	Level 2	

@ Represents amount less than ₹ 1 lakh

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 34. 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:

- Engines include application of engines in farm equipment and gensets.
- Electric mobility
- Others include products traded by International Business and After Market Business.

### Operating segments:

- The risk-return profile of the Company's business is determined predominantly by the nature of its products and services.
- 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.

## 34A 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 result	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Engines	1,668.99	1,866.38	248.42	311.70
Electric mobility	126.88	35.36	(24.61)	(7.75)
Others	115.09	113.58	(2.81)	3.87
<b>Total</b>	<b>1,910.96</b>	<b>2,015.32</b>	<b>221.00</b>	<b>307.82</b>
Other income (including exceptional items)			25.25	16.89
Central administration costs			(72.19)	(80.75)
Finance costs			(5.07)	(4.04)
<b>Profit before tax</b>			<b>168.99</b>	<b>239.92</b>

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.

## 34B Segment assets and liabilities

(₹ in Crore)

Segment assets	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Engines	693.48	718.96
Electric mobility	183.33	132.10
Others	63.32	48.76
<b>Total segment assets</b>	<b>940.13</b>	<b>899.82</b>
Assets classified as held for sale	-	8.98
Unallocated	308.51	546.87
<b>Total assets</b>	<b>1,248.64</b>	<b>1,455.67</b>

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 34. Segment information (Contd.)

Segment liabilities	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Engines	309.89	346.51
Electric mobility	39.51	17.81
Others	18.00	24.11
<b>Total segment liabilities</b>	<b>367.40</b>	<b>388.43</b>
Unallocated	82.49	84.41
<b>Total liabilities</b>	<b>449.89</b>	<b>472.84</b>

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.

### 34C Other segment information

	(₹ in Crore)			
	Depreciation and amortisation		Additions to non-current assets	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Engines	37.25	43.98	57.35	23.58
Electric mobility	9.47	3.22	12.10	80.27
Others	4.52	0.04	0.83	0.22
Unallocable	9.70	4.93	5.13	9.53
	<b>60.94</b>	<b>52.17</b>	<b>75.41</b>	<b>113.60</b>

### 34D 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 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Domestic	1,853.27	1,945.22	486.12	436.55
Overseas	57.69	70.10	-	-
	<b>1,910.96</b>	<b>2,015.32</b>	<b>486.12</b>	<b>436.55</b>

\* Non-current assets excludes Other investments, Other financials assets, Income tax assets (Net) and Deferred tax assets (Net).

## Note 35. Earnings per share

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Profit for the year attributable to the owners of the company	129.17	164.71
Weighted average number of equity shares for the purpose of basic and diluted earnings per share	23,93,40,675	24,42,06,795
<b>Basic and Diluted earnings per share</b>	<b>5.40</b>	<b>6.74</b>

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 36. Related party transactions

List of related parties :

### 36A Promoter and the promoter group companies, where company has transactions during the year

Mr Karan Thapar, Chairman  
Bharat Starch Products Private Limited  
DBH International Private Limited  
Karun Carpets Private Limited  
EICL Limited  
Premium Transmission Private Limited

### 36B Key management personnel :

Mr Nagesh A Basavanhalli	Managing Director & CEO
Mr Mohanan Manikram	Additional Director from 5 <sup>th</sup> November 2019
Ms Neetu Kashiramka	Chief Financial Officer upto 6 <sup>th</sup> April 2020
Mr Amit Mittal	Chief Financial Officer from 27 <sup>th</sup> April 2020

### 36C Transactions with related parties

The following transactions occurred with the related parties:

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
<b>Sales and purchases of goods and services</b>		
<b>Rendering of services / Reimbursement of expenses</b>		
<b>Promoter group company</b>		
Premium Transmission Private Limited	0.02	0.02
<b>Other transactions</b>		
<b>Commision and sitting fees paid</b>		
Mr Karan Thapar	1.43	1.35
<b>Lease rent expenses paid to Promoter group company</b>		
Premium Transmission Private Limited	0.04	0.07
EICL Limited	0.10	0.34
<b>Dividend paid</b>		
DBH International Private Limited	-	54.27
Bharat Starch Products Limited	-	7.58
Karun Carpets Private Limited	-	7.40

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	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Promoter group companies	0.01	0.01	-	0.03

During the year, the company did not enter into any material transaction (as defined in the Company's Policy on Related Party Transaction) 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).

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 36. Related party transactions (Contd)

### 36D 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 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Short-term employee benefits	8.28	6.41
Post-employment benefits	0.23	0.20
	<b>8.51</b>	<b>6.61</b>

Notes :

- The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.
- Short term employee benefits include incentive paid during the year.
- Stock option granted to key management personnel during the year is 6,36,215 (Refer note 16A).

## Note 37. Contingent liabilities

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
a) Sales tax liability that may arise in respect of matters in appeal	36.48	51.57
b) Sales tax liability that may arise on account of uncollected 'C' Forms	0.58	0.56
c) Excise duty liability that may arise in respect of matters in appeal	25.89	25.37
d) Claims made against the company, not acknowledged as debts	29.33	28.56
e) Wage demand not acknowledged by the company in respect of matter in appeal	3.18	3.29

Notes :

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

## Note 38. Commitments

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	40.86	37.49

## Note 39. Expenditure on research and development

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
a) Revenue expenditure charged to Statement of profit and loss (Under Note Nos. 25, 28 & 31)	20.57	19.18
b) Capital expenditure	7.29	3.18
	<b>27.86</b>	<b>22.36</b>

# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 40. Leases

### a) Transition Impact and Disclosure

Effective 1<sup>st</sup> April 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1<sup>st</sup> April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use asset at its carrying amount. Comparatives as at and for the year ended 31<sup>st</sup> March 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of 'Right-of-Use assets' of ₹ 20.46 crore and a lease liabilities of ₹ 21.07 crore. The cumulative effect of applying the standard, amounting to ₹ 0.61 cr was debited to retained earnings. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

On adoption of Ind AS 116, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17 Leases. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 8.50%.

The Company had no finance leases as on 31<sup>st</sup> March 2019.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous year to depreciation cost for the right to-use asset, and finance cost for interest accrued on lease liability.

### Practical expedients applied

In applying Ind AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months as at 1<sup>st</sup> April 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an Arrangement contains a Lease.

Measurement of lease liabilities	(₹ in Crore)
Operating lease commitments disclosed as at 31 <sup>st</sup> March 2019	22.62
(Less): short-term leases not recognised as a liability	-
Add: adjustment as a result of different treatment of cancellable/non-cancellable leases	2.59
<b>Total</b>	<b>25.21</b>
<b>Discounting Impact</b>	<b>4.14</b>
<b>Lease liability recognised as at 1<sup>st</sup> April 2019</b>	<b>21.07</b>
Of which are:	
Current lease liabilities	4.49
Non-current lease liabilities	16.58

### Measurement of right-of-use assets

The change in accounting policy affected the following items in the balance sheet on 1<sup>st</sup> April 2019:

Property, plant and equipment – decrease by ₹ 19.17 crore

Right-of-use assets – increase by ₹ 39.65 crore

Lease liabilities – increase by ₹ 21.07 crores

The net impact on retained earnings on 1<sup>st</sup> April 2019 was an decrease of ₹ 0.61 crores



# Consolidated Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 40. Leases (Contd.)

### b) Disclosure as per the requirement of Ind AS 116

#### Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 1 <sup>st</sup> April 2019
Right-of-use assets	36.07	39.65
Lease liabilities		
Current	3.95	4.49
Non-current	14.46	16.58

Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the following amounts relating to leases:

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 1 <sup>st</sup> April 2019
Depreciation charge of right-of-use assets	6.51	-
Interest expense (included in finance costs)	1.59	-
Expense relating to short term lease not included in lease liabilities	1.07	-

The total cash outflow for leases for the year ended 31<sup>st</sup> March 2020 was ₹ 6.18 crores

**The table below provides details regarding the contractual maturities of lease liabilities as at 31st March 2020 on an undiscounted basis:**

	(₹ in Crore)	
Particulars	Amount	
Not later than 1 year	6.55	
Later than 1 year and not later than 5 years	14.66	
Later than 5 years	-	
<b>Total undiscounted lease liabilities</b>	<b>21.21</b>	

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

#### Extension and termination options

Extension and termination options are included in some of the leases across the Company. These are used to maximise operational flexibility in terms of managing the assets in the Company's operation. The majority of extension and termination options held are exercisable by both the Company and by the respective lessor. Further the company expects not to use that options.

- 41 The figures for the corresponding previous period have been regrouped wherever necessary, to make them comparable with the figures of the current period.

For and on behalf of the Board

**Kewal Handa**  
Director

**Amit Mittal**  
Chief Financial Officer

**Atindra Basu**  
Head- Legal, Internal Audit &  
Company Secretary

**Nagesh Basavanhalli**  
Managing Director & CEO

Mumbai, 5<sup>th</sup> June 2020

## Information on Subsidiary Companies

Financial Year ended 31 <sup>st</sup> March 2020								
Name of the Entity	Net Assets	₹ in Crore	Share of Profit or Loss	₹ in Crore	Share of Comprehen- sive Income	₹ in Crore	Share of Total Com- prehensive Income	₹ in Crore
	As % of Consolidated net assets		As % of Consolidated profit or loss		As % of Consolidated profit or loss		As % of Consolidated profit or loss	
a) Indian								
Greaves Cotton Limited	96.18%	768.21	115.90%	147.51	120.00%	1.44	115.94%	148.95
Greaves Leasing Finance Limited	0.57%	4.56	-0.25%	(0.32)	0.00%	-	-0.25%	(0.32)
Dee Greaves Limited	0.03%	0.21	-0.01%	(0.01)	0.00%	-	-0.01%	(0.01)
Ampere Vehicles Private Limited	3.23%	25.77	-14.15%	(18.01)	-20.00%	(0.24)	-14.21%	(18.25)
Minority Interest in all subsidiaries Associates (Investment as per the equity methods)	0.00%	-	-1.49%	(1.90)	0.00%	-	-1.48%	(1.90)

For and on behalf of the Board

**Kewal Handa**  
Director

**Amit Mittal**  
Chief Financial Officer

**Atindra Basu**  
Head- Legal, Internal Audit &  
Company Secretary

**Nagesh Basavanhalli**  
Managing Director & CEO

Mumbai, 5<sup>th</sup> June 2020

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