



**RECOVERY.
RESILIENCE.
RESURGENCE.**

Contents

02	Chairman's Letter
03	Corporate Information
04	Reimagining Our Journey
06	Board of Directors
08	Financial Highlights (Standalone)
09	Management Discussion & Analysis
34	Board's Report
54	Corporate Governance Report
77	Business Responsibility Report
86	Standalone Financial Statements
132	Information on Subsidiary Companies
135	Consolidated Financial Statements

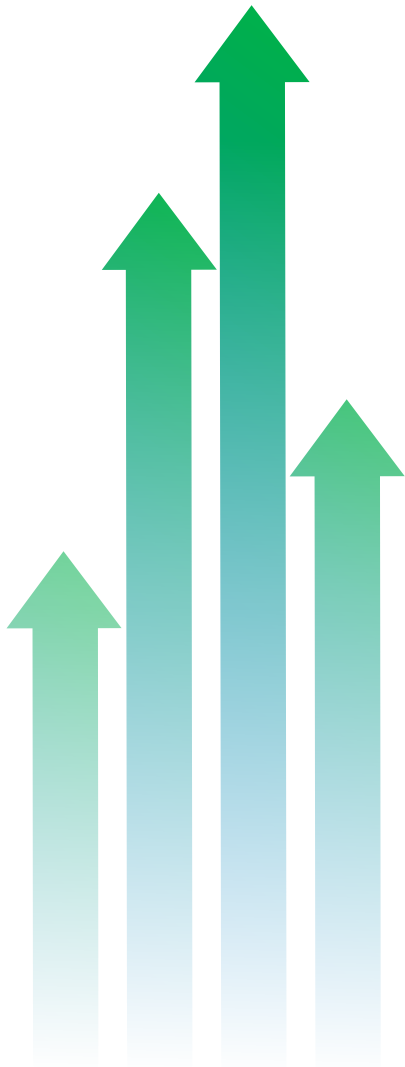
FORWARD-LOOKING STATEMENT

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.



To get this report online and for any other information, log on to www.greaves cotton.com

The COVID-19 crisis has tested organisations like never before. At Greaves, we quickly recovered from the lows of the early part of the pandemic led by our agile response. Throughout this period of uncertainty, underpinned by our firm belief that together we are stronger and together we recover faster, our foremost priority has been the safety of our people, business partners and customers.



The transformation we have embarked upon, along with our decisive action in wake of the pandemic, has enabled business resilience. By strengthening our e-mobility vertical, offering solutions that empower a greener and better world, pivoting our presence to rapidly growing areas that will underpin India's growth, maintaining fiscal prudence without losing sight of our strategic long-term projects, and enhancing our controls, we are well-poised to adapt and thrive in the new normal.

Finally, to take us on the path of sustainable resurgence, we have restructured our organisation. With five strong verticals, the restructuring is in sync with our growing business aspirations and reinforces our commitment to emerging as one of the leading diversified organisations of the country.

RECOVERY. RESILIENCE. RESURGENCE.

The course we are charting in the new normal and for driving new possibilities.

Chairman's Message



Dear Shareholders,

When I wrote to you last year, the COVID-19 pandemic was just beginning to make its impact felt around the world. Since then, it has been a period of unprecedented challenges for humankind, especially for the frontline workers, who have been putting their lives at risk to keep us safe. Their commitment is truly humbling and on behalf of Greaves, we sincerely thank them for their efforts.

Looking back, I am also proud of the resilience shown by our Company for navigating this crisis. In 162 years since our founding, we have repeatedly reimagined our business to not only weather turbulence but have also realigned it with the demands of the changing world to capture new opportunities. After a sharp decline in our revenues in the first quarter of FY2021, we saw a gradual recovery with the third and fourth quarters showing a strong finish to the year. While the pandemic and the ensuing focus on social distancing norms and concerns with shared mobility inevitably restricted our ability to drive the levels of growth that we were seeking in three-wheeler automobile engines, all other businesses rebounded strongly and helped the Company improve its market positioning.

I am pleased to share that our focus on building a blend of legacy and new-age businesses, driving clean technology and adopting newer business models is enabling Greaves to transform into a future-ready organisation at an increased pace. Our capital allocation of almost ₹ 235 crore in e-mobility is beginning to pay off is also reflected in our current market capitalisation.

Greaves' strategy has helped the Company expand its play in the last-mile mobility ecosystem by addition of Electric Vehicles under Ampere, multi-brand service and sales under Greaves Retail and, just recently, vehicle financing under Greaves Finance. The e-mobility segment continued its robust growth trajectory, delivering an all-time high performance in the fourth quarter. The Company is also reimagining its businesses and has made important strides in developing the Non-Auto Engines portfolio over the past few years. The launch of smart gensets has particularly been instrumental for the Non-Auto business exhibiting strong growth momentum. Together, our new businesses contributed to one-third of our revenues in FY2021. During the year, we also onboarded senior talent in multiple domains at both Ampere and Greaves and successfully integrated them into the Greaves family.

I am confident that their insights will help us to further build on our progress in the coming year.

The year was also defined by notable achievements across the Company. Ampere Vehicles, our wholly-owned electric mobility subsidiary, acquired 74% stake in Bestway Agencies Pvt. Ltd., which sells e-rickshaws under the popular ELE brand. With this, our E-mobility business is now present across both the two-wheeler and the three-wheeler e-rickshaw segments. We are investing in our future with our new dedicated Electric Vehicle plant coming up in Ranipet, Tamil Nadu, to provide superior manufacturing capabilities. We also realigned our manufacturing with focussed Engine manufacturing at Aurangabad. This has reduced our fixed costs and is expected to yield significant operational improvements in the coming years. The Company also featured in India's Fortune 500 list.

Our belief that we are stronger together has never been more clearly demonstrated than during COVID-19. Putting into action our 'People-First' policy, we prioritised the safety of our employees, customers, channel partners and stakeholders. Like many organisations, we implemented the work-from-home model and encouraged the use of technology for ensuring business continuity. We also extended mental health support and unique online learning opportunities and launched a COVID-19 vaccination drive as per norms laid by the Government of India for our employees. Our employee-centric approach enabled our organisation to earn the 'Great Place to Work' certification.

COVID-19 has changed the way we live and work. It is likely that the disruption will continue in the months to come with the next wave of the pandemic gaining momentum in India. This is the time, we firmly believe, to encourage employee empowerment at all levels and reach out to more customers. While we remain vigilant, we are confident that the learnings we have gathered in navigating the unprecedented past year will help us to overcome new challenges. Staying committed to Environmental, Social and Governance (ESG) practices, we continue to enhance our focus on diversity, inclusion, health and safety, innovation and clean technology. We are also fostering stronger relations with our customers and communities through engagements that create shared value.

Finally, on behalf of the Board of Directors, I would like to thank our customers, business partners, vendors, employees, investors and shareholders for their steadfast support. Standing at a critical juncture in India's growth and development story in the post-COVID world, we, at Greaves Cotton, reaffirm our commitment to continue being innovative, agile and focussed on sustainability to partner our nation's progress.

Karan Thapar
Chairman

Corporate Information

BOARD OF DIRECTORS

Mr. Karan Thapar
Chairman

Mr. Nagesh Basavanhalli
Managing Director and Group CEO
(w.e.f. 5th November 2020)

Mr. Ajit Venkataraman
Executive Director
(w.e.f. 14th August 2020)

Mr. Arvind Kumar Singhal
Mr. Kewal Handa
Ms. Sree Patel
Mr. Vinay Sanghi
Mr. Subbu Venkata Rama Behara
(w.e.f. 28th May 2020)

CHIEF FINANCIAL OFFICER

Mr. Dalpat Jain
(w.e.f. 10th February 2021)

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
ICICI Bank
HDFC Bank
Kotak 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, 7th Floor, Tower 3,
Equinox Business Park, LBS Marg,
Kurla West, Mumbai - 400 070

WORKS

Maharashtra
Chinchwad, Pune
Chikalthana, Aurangabad
Shendra, Aurangabad

Tamil Nadu
Ranipet

Reimagining Our Journey



BY RECOVERING FROM THE PANDEMIC-HIT DISRUPTION

As is true globally, the outbreak of COVID-19 also made its impact felt on our business. While our revenue plummeted in the first quarter of FY2021, we posted a rapid recovery in the subsequent quarter despite continued weakness in the three-wheeler industry. Further, a strong revenue growth in the third quarter indicates that the trough has bottomed out and we are now retracing our path towards an upward trajectory.

Enabling our recovery were strong performances from the Non-Automotive and E-Mobility businesses. To put this in context, even amid the unprecedented challenging environment, the E-Mobility business surpassed its previous year's revenues in nine months and increased its share in the overall revenue of the Company. The Non-Automotive business reported healthy sequential growth in the third and fourth quarter, reaffirming that we are emerging stronger through engine diversification and are well-placed to drive.

Our first priority through this health crisis has been the health and wellbeing of our people and ecosystem. We are convinced that not only should this be an objective on its own, but unless we succeed in this, our recovery will never be absolute. A strong and committed leadership team came together to foster and nurture human connection and care for our employees as well as for our extended family of channel partners and customers.

BY STAYING RESILIENT AMID THE UNCERTAINTY

It is imperative that our business verticals not only adjust and recover but are also set up for success in the 'new normal'. We acknowledge that this will require sustained resilience during what may be a protracted period of recovery.

With more stabilised operations, we are embarking on new beginnings to adapt and thrive in a post-pandemic world. Our E-Mobility business was strengthened with a majority stake in the electric three-wheeler company Bestway Agencies Private Limited, which sells e-rickshaws under the popular 'ELE brand'. With this acquisition, Ampere, which already has a strong presence in the electric two-wheeler segment, will expand its presence in the fast-growing electric three-wheeler segment to become an integrated last-mile e-mobility player. Our latest brand will also enable us to cater to the e-rickshaw requirements of our B2B customers for both people and cargo mobility.

To build resilience, we are also strengthening our supply chain by reducing our reliance on any single country and localising input sourcing. While for our high-speed scooters the localisation levels are fairly high, we are further stepping this up through collaboration with our Indian partner ecosystem. Our successful localisation strategy has now also been initiated for our slow speed scooters.

The Automotive, Retail and Finance businesses demonstrated a resilient performance despite significant headwinds. Our focus is now on steering a stronger comeback. In the Automotive Business, we entered into new partnerships with a leading Indian OEM for



our diesel three-wheeler engines. In Retail, we remain focussed on getting closer to our customers through our phygital efforts. Ampere today has 320+ stores across the country, 80 of which were opened post the unlocking of the economy. With the demand for clean, safe and sustainable mobility solutions increasing, our goal is to become a leading player in building and strengthening the country's electric vehicle ecosystem. Further, through easy and affordable financing options from our Finance business, we are enabling faster and wider adoption of electric vehicles, which presently stands at 80,000+ retail customers and 50+ B2B customers.

We have also renewed our focus on the Non-Automotive business by tapping prospects for both the product (non-auto small engines) and the light equipment segments. Our non-auto small engines are widely used in marine, farm, genset, construction and other industrial applications, areas that have received significant stimulus under the Government's vision of 'Atmanirbhar India' or a self-reliant nation. We are also exploring new applications for our products in the overseas market.

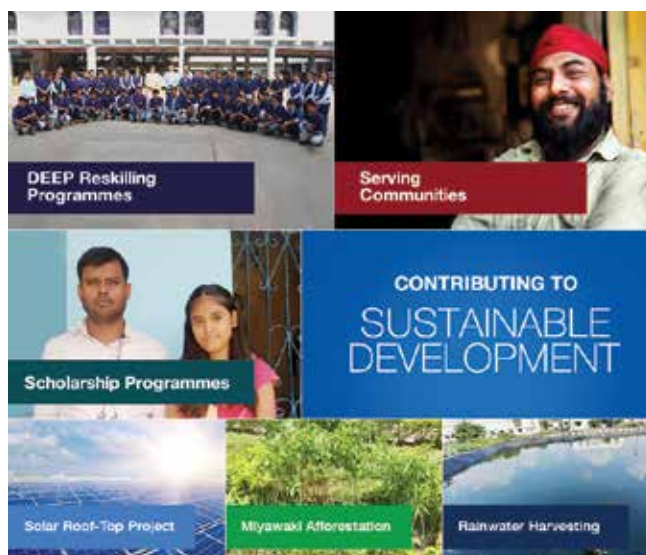
We continue to follow a carefully calibrated approach to spending during the pandemic period while prioritising our investments on strategic long-term projects. The initiation of consolidation of engine manufacturing at one mega-site in Aurangabad has enabled us to build resilient cost structures and drive improved controls. Further, our upcoming state-of-the-art EV manufacturing facility at Ranipet, Tamil Nadu, being built on the principles of Industry 4.0, will help us to expand our offerings to an ever-increasing customer base.



BY DRIVING RESURGENCE THROUGH RESTRUCTURING

Last year, understanding and aligning with customers' dynamic needs, we restructured our organisation into five strong verticals: Automotive, Non-Automotive, E-Mobility, Retail and Finance. The restructuring is also being implemented to strengthen individual business verticals and is aligned with our business aspiration to emerge as one of the leading diversified organisations of the country.

The pandemic has brought to the fore that environmental sustainability cannot be taken lightly. Empowering mobility and productivity enhancement solutions for a cleaner and better world, our different verticals collectively create a comprehensive ecosystem for driving our business transformation journey and achieving a higher level of performance.



Board of Directors



Mr. Karan Thapar

Position - Chairman of the Board

Educational Qualification - CA

Expertise - Managing Companies, both Private and Public, having interest in diversified areas



Mr. Nagesh Basavanhalli

Position - Managing Director and Group 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



Mr. Ajit Venkataraman

Position - Executive Director

Educational Qualification - MBA from University of Michigan, MS from Michigan State University, East Lansing, Engineering from Indian Institute of Technology

Expertise - Strategic Planning, Managing JVs, New Market Entry, Business Turnaround, Product Development and Management



Mr. Arvind Kumar Singhal

Position - Independent Director

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

Expertise - Retail Marketing Strategy and Strategic Business Planning

**Mr. Kewal Handa**

Position - Independent Director

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

Expertise - Business Strategy and Planning, Finance, People Management and Managing Enterprises

**Ms. Sree Patel**

Position - Independent Director

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

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

**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

**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 & political conditions and cultures globally

Financial Highlights (Standalone)

(₹ in Crore)

Particulars	11-12 Apr-Mar	12-13 Apr-Mar	13-14 Apr-Mar	14-15 Apr-Mar	15-16 Apr-Mar	16-17 Apr-Mar	17-18 Apr-Mar	18-19 Apr-Mar	19-20 Apr-Mar	20-21 Apr-Mar
	12 mths	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	1,329
Less: Excise Duty	173	223	196	167	187	185	48	-	-	-
Revenue from Operations (Net)	1,753	1,873	1,719	1,689	1,613	1,634	1,792	1,988	1,821	1,329
EBIDTA (before exceptional item)	237	242	194	200	267	243	255	275	228	97
EBIDTA (%)	13%	13%	11%	12%	17%	15%	14%	14%	13%	7%
EBIT (before exceptional item)	211	219	177	177	269	247	248	268	196	59
Profit before Tax	251	200	164	109	295	252	296	246	197	18
Profit after Tax	185	138	113	82	199	181	203	169	148	10
Total Comprehensive Income	-	-	-	-	200	181	201	171	149	11
ROCE (%)	34%	30%	22%	21%	31%	27%	26%	27%	21%	7%
Equity	48.84	48.84	48.84	48.84	48.84	48.84	48.84	48.84	46.24	46.24
Earnings Per Share (₹)	7.60	5.65	4.63	3.34	8.17	7.40	8.30	6.93	6.16	0.45
Net Worth	645	738	814	816	887	921	960	969	888	901
Debt	20	2	-	-	-	-	-	-	-	-
Capital Employed	700	779	851	832	906	938	981	976	881	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 year 2020 was a challenging period with lockdowns in most global economies posing a threat of deep recession. Most governments helped to maintain disposable income for households, protect cash flow for firms, and support credit provision. Sizeable, swift, and unprecedented fiscal, monetary, and regulatory responses were initiated. The global contraction for 2020 is estimated at 3.3% with some signs of economic recovery in China and some large advanced economies.

The softening in early 2021 is expected to give way to rising momentum in the latter half of the year as vaccines and therapies become more readily available. Additional policy support in few large economies have raised hopes of a turnaround with growth expectations of 6% in 2021, moderating to 4.4% in 2022. Sizable fiscal support has been announced in some countries, including the United States and Japan. Together with the unlocking of Next Generation EU funds, recovery of economic activity among advanced economies is expected with favourable spillovers to trading partners.

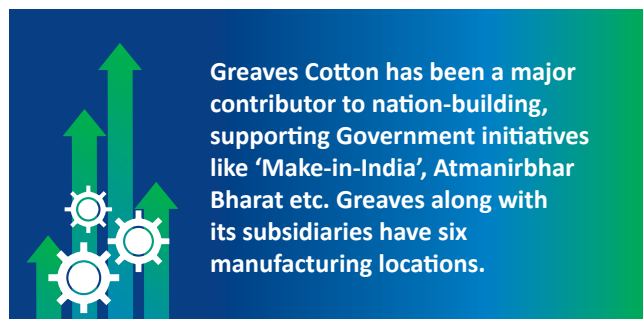
Source: IMF World Economic Outlook, April 2021

Indian Economy

Post COVID-19 outbreak, India was amongst the first few countries that went into a nationwide lockdown. Mobility restrictions and social distancing caused supply-chain disruptions and consumer demand fallout. Later, as the economy unlocked in phases, mobility of goods eased supply-side pressures. This is also reflected in the industrial activity pick-up in H2 FY 2020-21. Stronger passenger vehicle sales, rising finished steel production and diesel consumption, higher goods and services tax revenue collections followed. Improvement in the availability of finance from banks, pent-up demand and festivities added to buoyancy in economic activity.

The second advance estimates of National Income for FY 2020-21 by the National Statistics Office indicate real GDP contraction at 8% for FY 2020-21, distorted on account of significant growth of subsidies. The recovery in economic activity and improved investor sentiments are a result of impactful reforms undertaken by the Government since March 2020. Several investment initiatives were announced like the National Infrastructure Pipeline (NIP), demand-driven capex, and the Centre's Production-Linked Incentive (PLI) scheme.

India's GDP growth is likely to rebound sharply to 12.6% in FY 2021-22 as per Organisation for Economic Co-operation and Development



(OECD). The growth is attributable to strong fiscal and quasi-fiscal measures, making it the fastest-growing economy in the world.

Source: World Bank, CSO provisional estimates

COMPANY OVERVIEW

With over 16 decades of extraordinary legacy and brand trust, Greaves Cotton Limited (hereinafter referred to as 'Greaves') is a diversified engineering company and a leading manufacturer of Cleantech Powertrain Solutions (CNG, Petrol and Diesel Engines), Generator sets, Farm equipment, E-Mobility, Aftermarket spares and services. Greaves Cotton is a multi-product and multi-location company with a rich legacy and brand trust of over 162 years and has established itself as a key player impacting a billion lives every day.

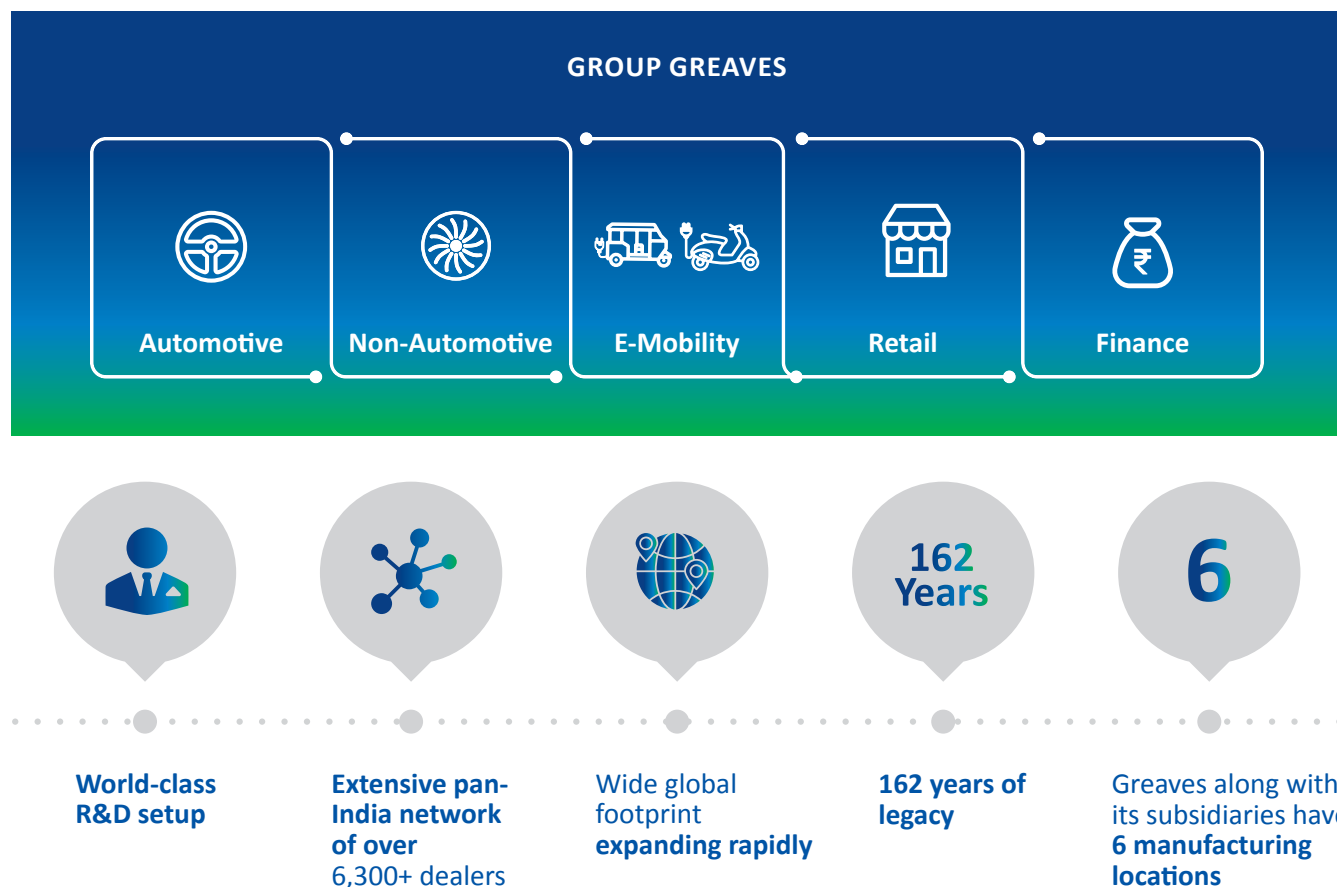
The Company today manufactures world-class products and solutions under various business units and is backed by comprehensive support from 500+ Greaves Retail Centres & 6,300+ smaller spare parts retail outlets across the country.

In the mobility segment, the Company provides low TCO mobility solutions to the majority of the population in India, moving more than 1 crore passengers and 5 lakh tonnes of cargo every day. Greaves Cotton augmented its clean technology portfolio in the last-mile affordable 2W personal mobility segment with Ampere Vehicles in 2018.

Collaboration and holistic approach have been in the DNA of the Company's growth. The Company works in a way that is beneficial to all stakeholders – B2C segment, B2B segment suppliers, shareholders, and communities at large. The goal is to go beyond enhancing the balance sheet

size by creating a positive impact on people and environment. The Company provides financial independence and employment thereby supporting several lives.

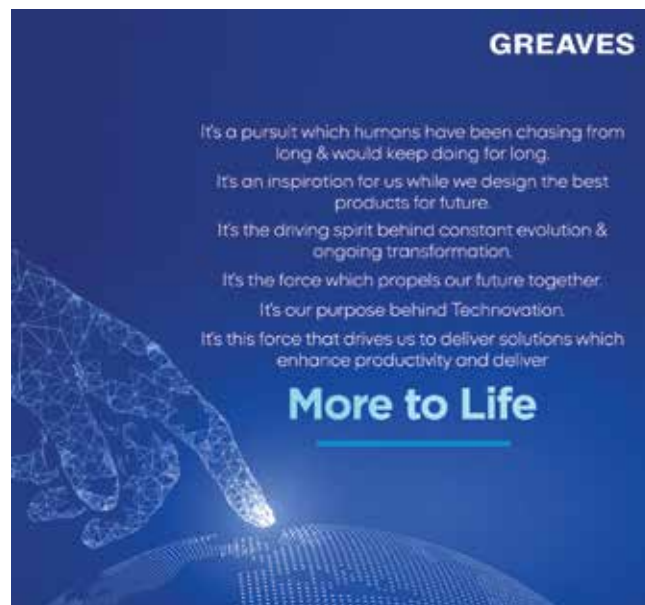
Greaves Cotton also plays a critical role in aiding growth of core sectors of the economy. Its presence in multiple sectors and varied range of superior quality affordable products lead to cascading benefits in many allied sectors.



More to Life

Greaves Cotton has a well-diversified portfolio including engines, generator sets, agricultural equipment, marine equipment and e-mobility products and solutions. As these sectors directly influence GDP growth, the Company is involved in nation-building. Its reliable and affordable solutions enrich life by enabling higher productivity and savings and lowering emissions.

The Company is also conscious of its role towards society and always works in that direction. It seeks to benefit all stakeholders - customers, vendors, agency partners, dealers, suppliers, distributors, retailers, employees, shareholders, and society at large. This is well-reflected in the Company's actions towards creating employment and business opportunities and its responsibility towards the environment with emphasis on e-mobility, fuel-efficient engines, safe disposal of waste, etc.



COMPANY PERFORMANCE

The Company has grown from strength to strength in the last five years by expanding its presence to varied sectors, designing high quality affordable products compliant to applicable norms, expanding its distribution network, and adapting with changing times.

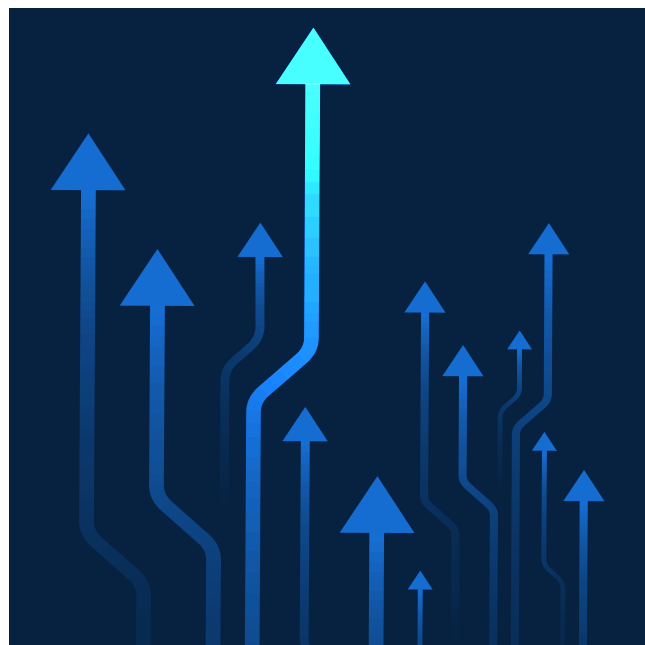
During FY 2020-21, the Company continued to achieve greater heights despite several hurdles created by the COVID-19 pandemic.

Key Milestones of FY 2020-21

- Announced intent to begin EV manufacturing facility at Ranipet, Tamil Nadu with significant investment
- Ampere (a wholly-owned subsidiary of Greaves Cotton) acquired the electric three-wheeler ELE brand through acquisition of 74% stake in Bestway Agencies Pvt. Ltd.
- Introduced Greaves 'Genius', an IoT-enabled smart genset
- Strengthened product portfolio with new additions in the non-auto segment, such as OHV pumpset
- Amidst COVID-19 pandemic launched high speed e-scooter Magnus, India's first virtual launch of e-scooter
- Ampere opened 80 new dealerships since the unlocking of the economy, taking the total to 320+
- Honoured with the title of 'Great Place to Work', commemorating remarkable relationships at Greaves
- Featured in top list of 'Fortune 500 mid-size marvel' companies demonstrating exemplary performance

FINANCIAL PERFORMANCE

The financial year under review had a significant impact on business due to COVID-19-led lockdowns. In FY 2020-21, the Company reported consolidated revenue of ₹ 1,500.40 crore versus ₹ 1,910.96 crore in FY 2019-20. Loss after taxes stood at ₹ 18.78 crore in FY 2020-21, against Profit after tax of ₹ 127.27 crore in FY 2019-20. The loss was on account of revenue de-growth due to COVID impact and certain exceptional items. In the year under review, there were exceptional expenses of ₹ 34.46 crore as against exception income of ₹ 4.71 crore in FY 2019-20. Exceptional expenses were mainly due to structural changes which will have long-term reduction in the fixed overheads of the Company. As part of Greaves' diversification strategy, new business initiatives contributed 30% of the total standalone revenue for FY 2020-21.



Greaves Cotton Ltd. is now



SEGMENT-WISE BUSINESS OVERVIEW

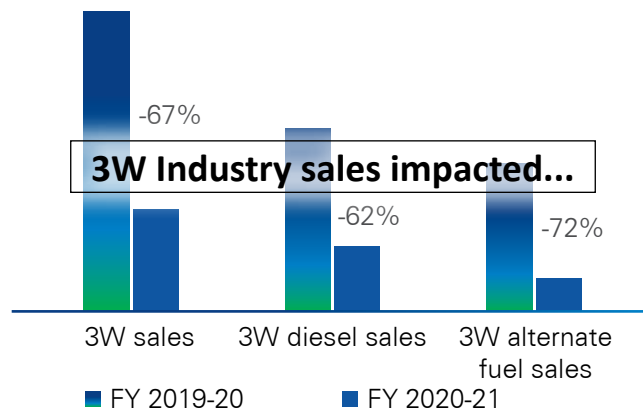
Automotive Business (Automotive engine and Aftermarket)

Industry overview

Mobility is essential to economic and social development. It enables people to access goods, services, and information, as well as jobs, markets, family, and friends. Modes of transport like 2-wheelers (2W), 3-wheelers (3W) and commercial 4-wheelers (4W) are the backbone of economic development. The automotive engines industry not only aids in commute to work but also provides work. It also encourages demand creation in several ancillary sectors. The industry is thus an indirect enabler of economic development. Significant last-mile transportation depends on diesel-powered engines. Being highly efficient, reliable, durable, and low maintenance, these engines are highly popular.

Greaves Cotton plays a key role in last-mile transportation in India. The Company has re-imagined the last-mile mobility landscape with clean technology range of fuel-agnostic powertrain solutions.

FY 2020-21 witnessed significant slowdown in 3W industry. COVID-19 related lockdown/restricted movements dampened shared mobility. Additionally, with academic institutions and offices remaining shut, 3W passenger market took a severe hit. Moreover, rising fuel costs increased the disparity between diesel and Compressed Natural Gas (CNG)/ Liquefied Petroleum Gas (LPG) vehicles. This increased cost of ownership along with non-availability of finance impacted the sales of 3W diesel vehicles.



(Source: As per internal estimates)

Bharat Stage (BS)-VI came into effect from April 1, 2020. Greaves Cotton remained a step ahead of the stringent industrial and regulatory compliance norms. In December 2019, it launched the world's cleanest single-cylinder BS-VI diesel engine for 3-wheelers. The engine is a technical genius of in-house R&D and technical expertise.

In the Union Budget 2021-22, the Government announced increasing CNG connectivity with 100 additional districts over the next three years. This is likely to popularise CNG engine vehicles. Additionally, electric vehicle (EV) manufacturers are entering into tie-ups with institutional customers to convert their logistic fleet to EV. With these factors benefiting the diesel cargo vehicle sales, Greaves Cotton is expected to be a beneficiary.



REDEFINING FUTURE OF MOBILITY



— OUR — BSVI ENGINES

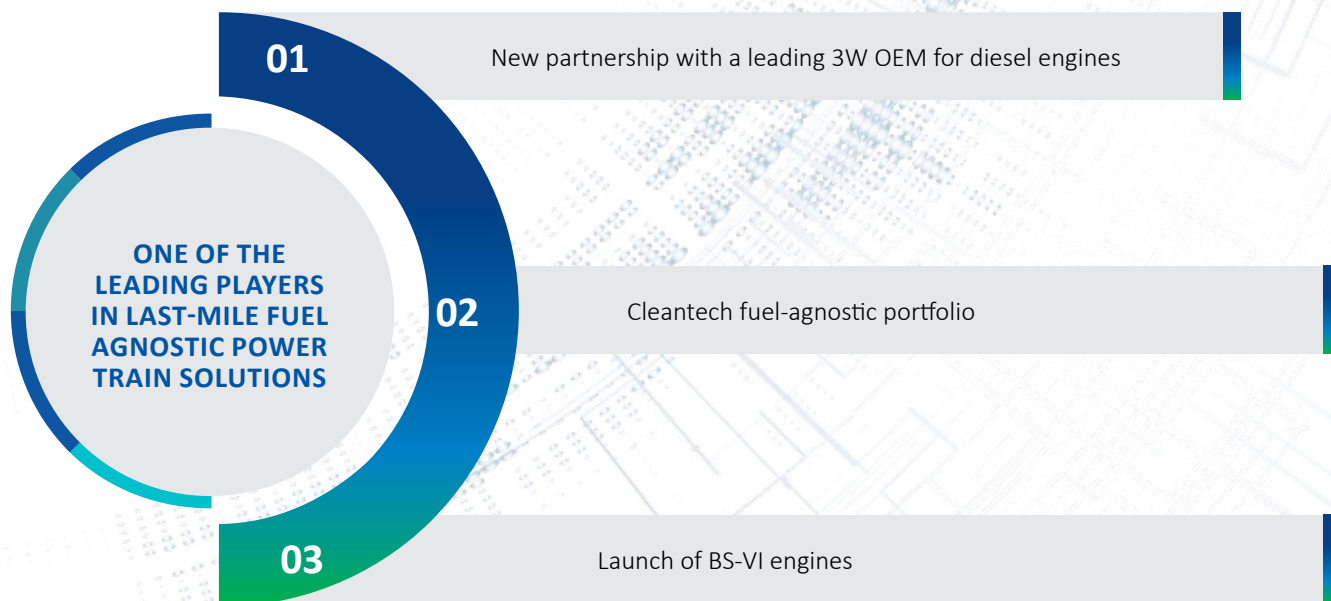


— HAVE SEEN INCREASED DEMAND FROM —
OEM PARTNERS.

Business Overview

Automotive engines across fuel range are manufactured by Greaves Cotton. Mobility in India moved to BS-VI since April 2020. In accordance, the Company started supplying BS-VI engines to its OEM customers. The BS-VI engines have shown superior performance and have been well-accepted in the cargo 3W segment. 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 automotive engine market is slowly recovering with OEM confidence signalling positive growth. The Company established strategic acquisition of new OEM customers in both domestic and international markets.

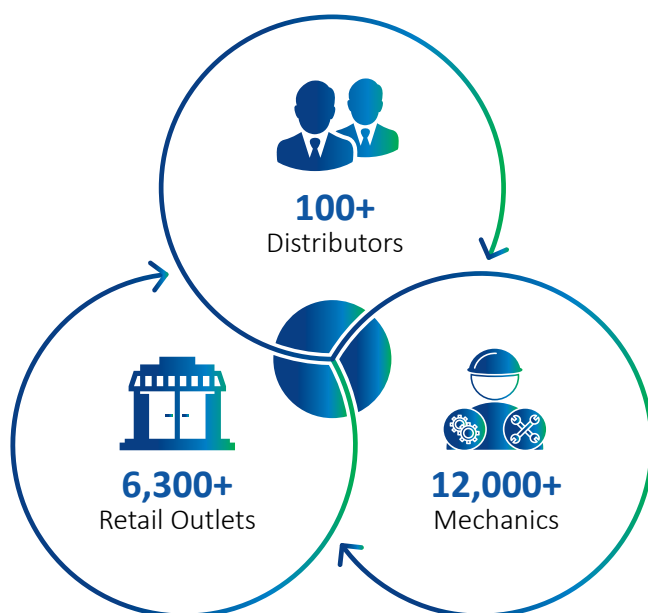


Risks & Concerns

- Threat of spike in COVID-19 cases impacting sale of 2W, 3W and passenger 4W due to restricted movements
- Post FY 2022-23, unprecedented rise in 3W EV launches

Aftermarket

Greaves Cotton has been providing timely and trustworthy aftermarket service for years. The Company has been at the forefront of introducing new technology spare parts for 2W and 3W vehicles. It has an extensive distribution network spread across the length and breadth of the country.



During FY 2020-21, it further improved the reach of the products and services. The Company also undertook several major initiatives to educate and train mechanics on BS-VI engine technologies. This strengthened the brand equity and has helped to curb the unorganised/spurious trade.

Greaves Multi-Brand Business

Greaves Cotton is a well-known player in multi-brand spare parts business. To fortify its image as a “total solution provider”, it has been consistently making attractive brand offerings. The Company has strengthened its 2W multi-brand portfolio to offer a wider range of products and also expanded network to ensure better reach to the end customer.

Market Overview

COVID-19 lockdown and subsequent restricted movements resulted in drastic reduction in shared mobility. This impacted aftermarket replacement cycle and thereby consumption of parts. As per internal estimates, demand contraction was around 25%-30% overall for 3W business.

The retail business worked under stringent liquidity conditions for best part of the year putting risk of business continuity with channel partners. With un-lockdown efforts and aided largely by improvement in cargo vehicle movements, business recovered to 60%-65% of previous year level during Q3. It further improved to 80%-85% in Q4 in view of increased passenger movements and market inventory corrections.

Key developments in FY 2020-21

- Upgraded mechanic loyalty program
- Improved market share by outgrowing competition in engine parts sales
- Expanded distribution and retail network through planned addition of retailers & mechanics
- Expanded business with value-added market offerings in 3W / 2W multi-brand product portfolio
- Introduced a range of BS-VI compliant parts

Risks and Concerns

- Diesel parts segment growth to continue albeit at lower rate
- Lower kilometres travelled by vehicles and resultant lower repair cycles impacting demand – in view of COVID-19 resurgence
- Increased prevalence of breakdown repairs and reduced preventive maintenance spends – due to business uncertainties
- Lower ability to attract new channel partners in subdued business conditions

Outlook

The Company is initiating several promotional efforts to strengthen connect with mechanics. These mechanic loyalty rewards and CRM-related engagements would help to improve wallet share. The Company intends to largely offset the impact of COVID resurgence by further expanding its distribution network in identified markets. It envisages higher growth prospects in multi-brand spares business in line with planned promotional activities.

Non-Automotive Engines

Greaves has a significant presence in non-automotive sectors like agriculture, construction, marine industries, gardening, micro-irrigation, railways, and defence. The range of non-automotive engines used in these industries are fuel-efficient, compact, and versatile. The Company offers a range of these products in overseas markets including the Indian subcontinent, South-East Asia, Africa, Middle East, and Europe. The Company aims to create a positive change and meaningful difference to lives of people. In this direction, it recently launched Greaves Business Accelerator program. This is a unique drive to encourage businesses globally to accelerate their business with specially-crafted engines for their specific needs.



Based on the concept of “one engine, many applications”, the Non-Automotive Small Engines (NASE) are effective tools enabling many small businesses to grow and thrive. Highly qualified team of trained technicians and application engineers extend customer support. The products are of superior quality and are packaged with great service and commitment of original spare parts availability. To increase pace of business growth, the Company has tied up with small and micro-entrepreneurs and equipment manufacturers in India and abroad.

Depending on usage and horsepower, the range is further segmented into three categories:

- a) Auxiliary power
- b) Farm equipment
- c) Industrial engines

a) Auxiliary Power Business

Industry Overview

The COVID-19 pandemic dampened overall economic activity in FY 2020-21. The Government increased healthcare sector disproportionately at the cost of real estate, infrastructure, railways, and other industrial sectors. Labour-intensive sectors faced stalled site activities for months due to migrant labour leaving for hometowns. Consequently, the demand for gensets was severely impacted during the first half of the fiscal year. Private sector purchase decisions came to a standstill due to business uncertainty.

Amidst the grave challenges posed by COVID-19 pandemic, Greaves Cotton initiated several steps to support communities and fight against the virus. The Company powered critical missions to backing up critical life support systems with its gensets. Greaves Cotton installed Gensets in hospitals for quarantine facilities to provide 24x7 power supply and ease work for COVID warriors. Gensets were supplied to the hospitals across Maharashtra, Gujarat, Haryana, Madhya Pradesh, etc.



Post Q3 FY 2020-21, the suppressed demand slowly started to release and picked pace. Finally, in the last quarter, demand for gensets witnessed significant increase.

Several states pollution boards made it mandatory to fit pollution reduction device on gensets. This made the purchasers apprehensive leading to delay in decisions and delivery of gensets. The National Green Tribunal's ban in Delhi NCR from October 2020 to March 2021 also affected genset sales in these areas. Further, the launch of gas/hybrid fuels gensets in lower range by competition also gave customers more options in gensets banned areas.



Data center business has seen rapid growth in India due to increased use of IT and Government push to store data. This has led to increase in the number of offices and thereby a spurt in demand for power back-up facilities. This is in turn driving the demand for high rating gensets.

The customer buying behaviour has undergone significant change due to COVID-19. Customers prefer single or no personal meetings at all as opposed to many meetings earlier. Decisions are at times made over telephonic discussions or on virtual meeting platforms. There is increased use of technology in product promotion and purchase process as increased prevalence of work-from-home has led to reduced investment by large organisations in power back-up facilities.

Business Overview

Greaves Cotton offers the most comprehensive range of gensets meeting the demand of multiple sectors. These CPCB-II compliant gensets are compact, reliable, and efficient leading to a low TCO. The Company also offers reliable after-sales service.

The Company launched the 'Genius' range of smart gensets, available in the range 5 kVA - 2500 kVA. The entire range is enabled with Remote Monitoring System (RMS) to get all critical gensets data on mobile/laptop via an app. The app prompts for upcoming maintenance and in case of faults. This enables timely service and proactive handling of complaints to reduce the genset downtime and ensure maximum possible uptime. It also tracks genset location,

fuel pilferage and fuel consumption on real-time. This results in uninterrupted operations and low TCO for the customer, making it in an unmatched offering in the genset industry in India. Greaves Cotton is also the first and only company to offer 5-year warranty on complete genset without any extra cost across the range 10 kVA- 500 kVA.

Enhancement of the Company's gensets range to 2500 kVA has given the customer the advantage of using the same brand of gensets and deal with a single manufacturer. Customers get updates on the genset condition, follow-ups on service and reduced downtime. These unique offerings have increased the confidence of customers on the Company's products and brand.

The Company updated the Greaves 1 App to upgrade customer, dealer, and dealer technician interfaces. This enables them to conduct pre-emptive maintenance. This results in enhancing the longevity of the genset, reduced MTTR (Mean Time to Restore) and increased uptime of the genset.



Key Highlights

- Provided gensets for COVID-19 centres, testing centres and hospitals
- In H2 2021, business recorded significant growth with highest ever quarterly billing in March 2021
- Launch of IoT-enabled genset
- Market share gains in infrastructure, data centres, industrial sectors is attributable to higher kVA offering
- The international team successfully expanded genset operations to Madagascar and Mauritius



Risk and Concerns

- Cost competitive solutions meeting CPCB IV+ norms
- States Pollution Boards have still not withdrawn the mandatory fitment of device
- Gas/hybrid fuel gensets and renewable sources of energy are expected to increase in future

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 customer relations and tapping market intelligence on a regular basis. Further, an effort to offer best-in-class service standards is expected to support the Company to leverage on industry growth.

b) Farm Equipment Business**Industry Overview**

The economy came to a standstill in Q1 FY 2020-21. State Governments diverted agriculture subsidy scheme funds towards COVID-19 control related expenses. Marginal farmers, the major buyers of small farm equipment, were forced to put their purchase decisions on hold due to lack of institutional financial support.

However, amidst this challenging time for the economy, agriculture emerged as the sole saviour. While GDP declined 23.9% in Q1 FY 2020-21, the agriculture sector grew 3.4%. Good monsoon benefiting rabi crops, also aided agricultural growth. The Government helped farmers by providing ₹ 6,000 per annum in three instalments as Pradhan Mantri Kisan Samman Nidhi. The Government also opened agriculture machine shops to support farmers.

(Source: National Statistics Office, India)

With large migrant population coming back to villages, agriculture became an important source of livelihood. This resulted in increased demand for tractors used in agricultural and for on-road usage. Banks provided tractor finance boosting tractor sales to an all-time high in FY 2020-21.

**Key Highlights**

- We established contractual manufacturing of several Farm Products
- Reported significant growth in Eastern part of the country - like Assam and Tripura
- Make in India battery sprayer supplied



Several Government policies work in favour of farm equipment manufacturing like:

- Make in India encouraging domestic manufacturing of agricultural machinery and equipment
- Urja Data Yojna enabling farmers to sell additional electricity generated from solar pump to grid
- Kisan Udan Yojna helping farmers to transport agri-perishable commodities through railway wagons
- Many State Governments giving subsidised farm equipment to Women Self Help Groups, increasing demand for small agricultural equipment as well as household equipment such as mini dal mill, rice mill (engine/electric) etc.

Mechanisation in farming is also aided by controlled usage of fertilisers and chemicals. However, increase in commodity price influenced the farm equipment price upward, and coupled with increased fuel prices, may have a bearing on agriculture/irrigation. Impact of ongoing farmers' protests against the new farm bills also needs to be closely monitored.

Business Overview

Greaves Cotton is involved in the business of providing farm mechanisation solutions to small and marginal farmers. With a product portfolio for every stage of crop cycle, from tillage to harvesting, Greaves Cotton has evolved as a farmer-friendly farm equipment brand.



During the lockdown period, the Company focussed its efforts on R&D. New project development was undertaken considering shift in usage condition and the futuristic challenges of the farmers. The goal is to help farmers in saving time and money and bring happiness to the farming community.

During H1 FY 2020-21, Greaves OHV Pumps were launched enabling farmers to save money and time with fuel-efficient technology.

Risk and Concerns

The Company has initiated the process to increase revenue from non-subsidy products. However, shifting from subsidised products to non-subsidised products is a gradual process. It is beneficial to the Company in the longer run from all aspects of price, quality, reliability, productivity, and after-sales support.

Outlook

Central and State Governments are focussing to improve farmers' income through various budgetary allocations and ground-level schemes. This is expected to improve livelihood

and purchasing power of small and marginal farmers. To finish work in time and avoid vagaries of labour. Farmers will be inclined towards mechanisation, which bodes well for Greaves Cotton's farm equipment sales.

Greaves Cotton is working on the introduction of cost-competitive and affordable solutions, the Company is also planning to create a network in rural pockets for new products. The network will also seek to provide customer service to farmers at their doorsteps, helping farmers save time. The OEM base in EU region is estimated to take a leap in most of the agro economies in the region as preference is given to machine over physical labour.

c) Industrial Engines

Industry Overview

The industrial engines industry has been severely affected due to COVID-19, especially in H1 FY 2020-21. Steep rise in raw material cost, especially witnessed in the last quarter, has also hit the industry. Further, the slowdown in real-estate and construction segments, which are the major growth drivers, affected the industry in an adverse way.

Driven by Atmanirbhar Bharat push, there has been traction in market from agriculture and defence segments. Farm machineries especially tractor segment has seen an all-time high in FY 2020-21. Anti-China sentiment has also helped local manufacturers especially in the agriculture segment to explore new business possibilities.

Initiatives for Sagarmala and Inland waterways schemes is now taking shape with business opportunities. In H2 FY 2020-21, there has been significant improvement in market and economic recovery.



Key Highlights

- Greaves Industrial Engine business witnessed growth over the previous year despite challenging times due to COVID-19
- Almost all segments have seen growth with augmented demand from defence and international markets
- Acquired several prestigious defence orders
- Greaves has been a pioneer in executing power pack supplies for ambitious inland waterways projects
- Non-auto engines segment is constantly focussing to be an integral part of lives of marginalised farmers, fishermen etc. by offering mechanised solutions for their daily livelihood

Business Overview

In keeping with the philosophy of “one engine, many applications”, the Company has a comprehensive unique portfolio of diesel engines (1.5-700 HP) for various applications and segments. Greaves has engines with all possible fuel options covering diesel, gasoline, CNG etc. The engines are designed to meet relevant emission norms for automotive, genset, tractor, marine and many more segments.

In FY 2021 Non-automotive Small Engines business recorded its highest ever revenue growth. Greaves is extending its footprint in marine large fishing trawler business with Greaves multicylinder platform.

We have been able to engage international OEMs for our FM/UL approved engines. We have also observed steep demand of these engines from domestic markets.

FY 2021 was a challenging year for international business based on several global as well as local restrictions in the flow of funds, movement of goods, logistics etc. Amidst these global challenges, Greaves Cotton continued to focus on developing new OEMs and dealers in EU, Africa and Middle East region. The Company was successful in procuring OEM business of mid-range engines in Fire-fighting application from Middle East OEMs. The EU team could successfully position small diesel engines in Turkey and Italy-based OEMs. This business has potential for future growth with other OEMs in agro industrial/industrial segment. The breakthrough orders from Fire Fighting Pump OEMs based at Middle East also marked the entry to select African markets with the OEM end products.

New tie-up in construction business paved way for executing a high value asphalt batching plant in

Mauritius. Bangladesh sales continued to be dominated by the construction machinery to support the country's infrastructure development.

Risk and Concerns

- Persisting COVID-19 infections to adversely impact domestic and global market sentiment
- Stricter emission norms for small machineries in future may impact viability of machine cost versus returns
- Shift of business to electric motor or gasoline engines from diesel engines
- Higher powered engine demand for tractor and marine segment

Outlook

Greaves Cotton with its wide range of engines 1.5-700 HP is helping farmers and fishermen from marginal segment to large and multinational corporates. These people power their machines towards mechanisation of agriculture, marine, pump and construction segments. India still a developing economy with huge potential in these segments. Many domestic and international OEMs acquisition for FM/UL and single cylinder engines would help establish India as a strong supply partner for global companies. This is expected to drive sustained demand for the Company's industrial engine solutions.

While disruption in ease of doing business will continue, the Company expects a continued demand for Telecom and Infrastructure. Slowdown is likely in the commercial space based on the sluggishness in most of the economies across the world.



Electric Mobility

India has witnessed a substantial rise in last-mile delivery 2W and 3W vehicles on account of growing online retail platforms, especially during the pandemic. This has led to increase in carbon emissions.

Apart from being environmentally-friendly electric vehicles also offer benefits like minimal fuel consumption leading to reduction in operating costs, convenience and low maintenance.

An important part of the Company's B2C and clean technology play is the e-mobility business under Ampere which has two businesses:

- Electric 2W under the Ampere brand
- Electric 3W under the ELE brand, acquired through Bestway in Q1 FY 2020-21

The Company also sells e-rickshaws through its Greaves Retail outlets. The Company is promoting use of EVs via its eco-friendly campaign, 'Kal Ko Bachao'. The campaign promotes better health, higher saving and better environment today, to create a stronger future.



Ampere has built a very strong portfolio of B2B customers. Ampere vehicles are powering people mobility as well as e-commerce delivery for large customers like Bounce, eBikeGo, Amazon, Big Basket, Dominos, Reliance Retails amongst a lot of others.

Government policies like Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME India) Scheme, scrappage policy of vehicles and push for electric vehicles, works in favour of overall E-mobility space.

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 to meet evolving consumer preferences.



Ampowering
the future

**AMPERE
ELECTRIC
SCOOTERS**



 <p>Pioneering clean mobility solutions for a cleaner, greener world</p>	 <p>Accelerating electric vehicles adoption in India</p>
 <p>Helping millions of commuters save more every day</p>	 <p>MoU with the Government of Tamil Nadu for setting up a state-of-the-art manufacturing plant</p>
 <p>Factory to generate significant employment in the region</p>	 <p>Supporting Atmanirbhar Bharat and the concept of 'Make in India'</p>

EVeryday
Mobility Exciting

Nature bachao, Apna kal sundar banao.

Ampere Chalao.

Kal ko bachao.





E-Scooter



a) Electric 2-wheelers (Ampere)

Ampere Electric Scooters is a leading 2W brand in the EV space in India. It is making huge strides in accelerating the country's switch to cleaner and greener mobility. Ampere is one of the fastest growing electric 2W companies in India. Ampere has a 320+ dealer network spreading across the length and breadth of the country. To accelerate EV adoption, Ampere has opened more than 80 dealerships post unlocking of the economy. It is also supported by a robust service network that includes a multilingual call-centre for uninterrupted service.

Ampere is the first 2W company to have a virtual launch of its high-speed electric scooter, complete with a virtual reality (VR) experience for customers to enjoy from the safety of their homes.

The Company believes in decarbonising last-mile transport by using responsible technology-based products and solutions. The Company follows the zero-emission mantra. Since its inception, 12 years ago, Ampere has saved over 125 lakh litres of petrol. Ampere scooters cost less than 15 paise/km leading to incredible savings. The Company's customer base is 80,000+ and steadily growing owing to such profitable offerings.

Ampere is dedicated to the concepts of 'Make in India' and 'Atmanirbhar Bharat'. Its state-of-the-art manufacturing facilities have created employment opportunities for thousands of people. The Coimbatore facility has 35%+ of its workforce comprising women, a trend-setting feature for the automobile industry.

Ampere has seen continuous growth for both its registered and non-registered electric scooters in urban and rural areas. The demand from smaller towns and cities have been higher due to affordability and strong local after-sales service outlets. Due to their superior ride and build quality, Ampere E-scooters have gained widespread acceptance in the B2B segment as well.

b) E-Rickshaw (ELE)

During the year, Ampere (a wholly-owned subsidiary of Greaves Cotton) acquired 74% stake in Bestway a very strong 3W EV player selling E-Rickshaws under the ELE brand. ELE is born to transform the way in which India moves on last-mile. It is designed to uplift thousands of cycle rickshaw drivers with superior motorised solutions and provides dignified employment to unemployed youths. ELE is becoming

AMPERE
By GREAVES

Key highlights of FY 2020-21

- Ampere collaborated with several big E-commerce players to promote green last-mile connectivity and delivery
- Ampere undertook a program called Supporting Traders to Activate and Reignite Trade (START) to help small traders and micro entrepreneurs. Under this, Ampere provided access to its e-scooters with necessary credit assistance in partnership with multiple financial institutions. This initiative helped several traders to re-start businesses post-lockdown
- Ampere also launched 'Kal Ko Bachao', a consumer support campaign to safeguard both health and wealth. Ampere encouraged e-mobility adoption with free test rides and try-and-buy options, exchange offers and zero interest finance schemes
- Ampere was awarded "Indian Achievers' Award 2020-21" for promising company by Indian Achievers' Forum

a partner in progress to thousands of businesses who seek dependable passenger and cargo vehicles for their uninterrupted delivery operations.

The brand has strong equity in several parts of the country. ELE offers a wide range of products in E-rickshaw and cargo to suit the customisable needs of B2B players, retail businesses and individual buyers as well. It perfectly resonates the spirit of clean and affordable mobility as an e-mobility subsidiary of Ampere Electric, backed by Greaves Cotton.

Risk and Concerns

- Low entry barrier with multiple unorganised players providing cheap Chinese substitutes making it a highly commoditised market
- EV charging infrastructure solutions required for long duration multi-frequency electric 3W operations
- Heavily compromised QRD parameters

Key highlights of FY 2020-21

- Launched new variant of ELE 1000
- Increased channel footprint across North and East markets
- Launched new customer-friendly finance schemes
- Higher thrust towards increasing localisation and 'Made in India' products and e-mobility parts

Outlook

The world is shifting towards smart, clean, affordable and dependable solutions in every sector. Inclination towards EV is increasing, as every big/small brand is looking to launch vehicles in electric category. Government regulations like replacement and scrappage policy of old vehicles is also acting as an enabler for EV interest.

Currently, unorganised players dominate the EV 3W space. A potential shift of the customers to buy electric rickshaws and cargo from the organised sector is highlighted in various market research.





Greaves Retail (3S Outlets)

Greaves Care is a one-stop shop for customers' needs in the mobility ecosystem. It is the only organised setup to provide Sales, Service and Spares (3S) solutions for 3W. A sought-after sales solution provider, Greaves Care is positioned between expensive authorised OEM centres and unorganised local service providers. Greaves Care offers genuine parts and is manned by Company-trained technicians, with established processes in place.

Greaves Care in true sense is a mobility enabler catering to complete spares and service needs of last-mile connectivity vehicles. With a robust pan-India network, the Company has created the multi-brand service and spares ecosystem support for uninterrupted mobility. This enables the Company to nurture long-lasting, customer relationships with strong aftermarket sales support.

Greaves Care is a steadily growing business since its inception. In FY 2020-21 it registered 36%+ growth despite lockdown and restricted movements in the first half of the fiscal. Customer retention has been a major contributing factor for the growth. The Company works on customer feedback and is committed to improve service quality, cost (value for money) and delivery. Greaves Care constantly undertakes customer-centric initiatives through a dedicated call centre. With 61 new touchpoints added in FY 2020-21, including the addition of 3S EV portfolio, Greaves Care's network is growing steadily.

Greaves Care, a promising business model for its channel partners, is a result of several key initiatives taken by the Company including:

- Marketing programmes
- Dedicated call centre
- Widespread trained field managers to support customers and channel partner's business needs
- Ensuring continuous focus on channel partner's profitability/RoI



Key highlights in FY 2020-21:

- Exhibited robust growth in sales and profitability amidst challenging environment
- Inaugurated 36 outlets post lockdown
- Robust growth in EV sales also contributed to growth in Greaves outlet sales

New Initiatives

- More products for service and vehicle sales, EV segment, EV Care for electric 2W and electric 3W, and enhanced multi-brand spares coverage for ICE
- Expanded footprint in three more states
- Hands-on training on BS-VI to mechanics
- Exploring retrofit from ICE to EV





GREAVES FINANCE

Greaves Finance

Business Overview

The Company has always been committed to strengthen its presence in the electric mobility space. Greaves Cotton thus forayed into Retail financing business in H2 FY 2019-20, through its wholly-owned subsidiary Greaves Leasing Finance Ltd (Greaves Finance). In the absence of its own independent Retail Financing Operations set-up, Greaves Finance leveraged its partnership with WheelsEMI, a NBFC-focussed and specialised in 2W financing business.

The Retail Financing business that began in FY 2019-20, has been striving to support e-mobility business in all its strategic plans. Greaves Finance has now expanded into towns beyond Tier II cities in Tamil Nadu, Kerala in the South and Haryana, Uttar Pradesh, West Bengal in the North and North East. The business grew in a short span to achieve the milestone in retail financing portfolio in FY 2020-21. This makes Greaves Cotton amongst the first few in the EV financing industry to accomplish this feat. The Company is also amongst the select few to finance both high speed and low speed electric 2Ws at retail dealerships.

One of the biggest hallmarks of this business has been to serve the hinterland of India. This is being driven through robust back-end credit operations, quick credit processing and technology-led processes for assessment, attractive pricing and further followed by tight portfolio monitoring mechanisms and risk-mitigation

initiatives. In addition to retail financing, the Company has also signed up a few customers in the last-mile delivery/aggregation services in logistics – which it serves under multiple models such as capital lease, operating lease, etc.

In Q4 FY 2020-21, Greaves Finance also commenced financing for purchase of electric 3Ws (e-rickshaws to start with) at the dealerships in Bihar, Uttar Pradesh, Madhya Pradesh and Assam. Besides playing a role in accelerating the country's transition into clean mobility, this also significantly enables financial inclusion by catering to the customers at the 'Bottom of the Pyramid'.

Risk and Concerns

- Electric 2Ws and 3Ws are both still in the early stages of industry evolution, with inadequate depth in the second-hand market for these vehicles
- Purchase of electric 3Ws is totally dependent on retail financing
- Large part of the demand for financing is still derived from the customers in the remote geographies

Outlook

The electric 2W retail financing business is closer to attaining stabilisation. Greaves Finance is positioning itself to become the long-term captive financing arm of Greaves Cotton, with its own independent operations and differentiated offerings in EV financing.



INTERNAL CONTROLS FRAMEWORK

The internal control systems are designed to safeguard the Company's assets and ensure efficient productivity at all levels. The systems are adequate for the size of business and industry in which it operates. The internal control systems and benchmarks comply with globally accepted framework as issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control - Integrated Framework (2013). Periodic review of the internal control systems ensures modifications are incorporated with ever-changing norms. The internal controls are designed to ensure:

- Effective and efficient operational performance
- Adequate safety of all assets
- Timely detection and prevention of frauds and errors
- Completion and accuracy of accounting across all businesses
- Timely and reliable financial performance

The Company conducts its internal audit through a reputed audit firm that regularly monitors the operations. The observations and recommendations of the audit firm are discussed with the Management. The internal audit team independently reviews and strengthens the control measures. The Company also gives strong emphasis to environmental protection measures.

The Company also follows required SOPs, policies, and guidelines. It monitors all procedures and undertakes self-assessment exercises regularly. The Code of Conduct is expected to be adhered to by all employees at all times. Any misconduct, unethical behaviour, or any behaviour with possibility of conflict of interest is immediately brought to notice with a well-defined whistle blower policy in place. The Company encourages strict adherence to integrity and transparency by a self-monitoring mechanism.

All key controls were adequately tested during the year under review. In cases of deviation from normal, appropriate measures were initiated. The effectiveness of the internal control systems is monitored and controlled by the Internal Auditors and Corporate Assurance Department. Periodic follow-up on implementation of improvements and suggested corrective actions is ensured by the Corporate Assurance Department, which also ensures that applicable laws and statutory requirements are met with.



INFORMATION TECHNOLOGY

Dynamic Information Technology (IT) is an integral part of the organisation's operations. All processes are automated and digitally-controlled. Wireless connectivity and the augmentation of machines allows efficient capacity utilisation. Several checks are in place with internal approvals-based control on workflows.



Digital workflows have become an essential part of modern day workplace due to increased prevalence of work from home and people constantly being on the move. Superior IT capabilities have enabled the Company to provide employees with digital access even on mobile platforms. Seamless workflow could be ensured amidst lockdown and restrictive movements of the people during the current financial owing to robust IT infrastructure.

Enhancement in IT capabilities not only provides security and centralised document storage but also enhances user convenience. The digitised systems are easy to access and use across industries and countries. It enables paperless work, advanced workflow tracking and seamless customer experience.



SUSTAINABILITY DRIVES

Sustainability is not a luxury; it is the way of life, as human kind has destroyed the planet earth and its resources for a long time now. It is the need of the hour if future generations want to see a future on the planet safely. Addressing sustainability across all industries is a worldwide priority as the world is in the midst of a global climate crisis – one that is impossible to ignore. Greaves Cotton's approach towards sustainability is proactive. The Company is taking some key activities to reduce its dependency on energy and to minimise it:

Solar rooftop panel

The Company has installed solar rooftop panel at two plants in Aurangabad – Chikalthana and Shendra. This conscious sustainability measure enables the Company to save electricity and secure resource optimisation. The Company has generated more than 1.6 million units in each of these plants in the year under review.

Water conservation

The Company is committed to conserve water through its rainwater harvesting project and recently introduced rainwater conservation scheme. Two lakes have been constructed on the premises of the Aurangabad plant. Rainwater is to be collected in these two lakes, with a capacity of 35 lakh litres and 14 lakh litres.

Tree plantation

The Company is working to build dense, native forests within a short span by adopting a Japanese method of tree plantation. Using Miyawaki method of tree plantation, the Company has achieved restoration of natural vegetation on degraded land at the Aurangabad site. The method also helps saplings grow 10 times faster and the forest become 30 times denser. The Company also carries out tree plantation drives in the vicinity of its production units.

There has been a substantial impact of Tree plantation:

- Reduced carbon footprint with better carbon dioxide absorption capacity of the Miyawaki forest
- Increased greener surface area
- Better noise and dust reduction ability of the forest

Greaves Cotton is creating positive impact on the environment even through normal course of business:

- Ampere electric scooters serve almost 80,000+ customers. Each scooter can save carbon dioxide emission equivalent of growing 12 trees
- ELE electric rickshaw and cargo solutions serve almost 10,000+ customers on the road. These vehicles help reducing the carbon dioxide emissions by 20.8 million kgs annually
- Introduction of electricity driven pump-sets in various ranges for agriculture



CORPORATE SOCIAL RESPONSIBILITY

Greaves Cotton has a strong determination towards serving the society with best intentions. The Company constantly works towards inclusive growth and betterment of society and the environment. The Company has always worked to be a responsible corporate citizen and to bring about a meaningful difference in the society. The Company has been working closely with civil society organisations and the Governments to achieve its Environmental, Social and Corporate Governance (ESG) journey. The socio-economic impact of its activities has been deeply ingrained in its ethics to conduct business. This gives hope and strength to its future endeavours by touching various goals as set by the United Nations Sustainable Development Goals (SDGs).

Keeping in mind the larger good of the society, the Company strives to work towards inclusive growth and betterment of society and the environment. Its various CSR initiatives create a positive impact on all stakeholders. During the lockdown period, the Company remained committed to stand with the nation and made significant contributions towards the society at large, such as:

- Distributed masks and sanitisers
- Undertook efforts to provide dry ration to the less privileged
- Provided health protection kits, hand sanitisers, and medical kits through its “You Care, We Care” program
- Installed Greaves gensets in hospitals
- Provided engines to spray disinfectants on roads and other public amenities
- Supplied knapsack sprayers to disinfect public places
- Planting trees as part of our eco-green initiatives under environmental protection theme of CSR

Meanwhile, the Company also continued its routine CSR activities.

DEEP

The Company provides technical training to Indian youth under DEEP (Development, Education, Empowerment, Progress). It is a skill-based training program related to manufacturing. Currently, the Company has 85 DEEP trainees enrolled for the program.



Prime Meet

Under its Prime Meet initiative, the Company organises re-skilling and training workshop for mechanics. One-day workshops are conducted by industry experts at different locations.

The Greaves Scholarship Program (GSP) is an initiative to further the cause of education by financing students education. Financially disadvantaged families of auto-rickshaw/e-rickshaw drivers and/or farmers can benefit from this program.

Environment

Environment protection is an integral part of the Company's way of doing business. Greaves Cotton works for environment protection through several initiatives, like the Cauvery Calling project.

COVID-19 SUPPORT

COVID-19 presents an unprecedented challenge to the entire world, calling for stronger and collaborative action from various organisations to join in the efforts and help the Government fight the pandemic. There is a compelling need for healthcare and material support along with community responsibility. Greaves Cotton is extremely committed to the intention of delivering and pulling out all possible stops to help the nation combat COVID-19.



In the face of this pandemic, Greaves Cotton, has undertaken the following on-ground initiatives to support some of the most pressing needs of the nation:

- Strong commitment to ensure the safety and well-being of all stakeholders, employees and the environment
- As part of employee-first policy, apart from the work from home drive, the Company distributed masks to employees and their families in Aurangabad, Coimbatore, and Ranipet

- Under “Support the Protectors” program, masks were provided to the Karnataka Police in Bengaluru city
- Partnered with CRY to provide dry ration to kids and families for a month across Mumbai and Delhi NCR regions
- Provided health protection kits, hand sanitisers and medical kits to several mechanics across key states through YOU CARE, WE CARE program
- With the help of key authorities, installed gensets in hospitals for quarantine facilities in the state of Maharashtra to provide 24x7 power supply and ease the work of COVID warriors - doctors, nurses and other healthcare professionals working
- In order to provide a safe and clean environment, the Company deployed 5 HP diesel engines to spray disinfectants through fire brigade vehicles in the Sangli district of Maharashtra

- Helping local bodies and institutions to disinfect public places with supply of knapsack sprayers. This is being used as a preventive measure in public congregation areas, large establishments, community neighbourhoods, municipal corporations, hospitals, and railways all over India

At Greaves Cotton, caring is never an afterthought. It is a commitment made not just for challenging times but for always. It is second nature, and all initiatives are built on the commitment to organise resources, expertise, and a compassionate and resilient team to support those in need. Given the enormity and severity of the pandemic, no contribution is too big or small. The Company endeavours to help restore normalcy and combat this global health crisis through all possible means together.



HUMAN RESOURCES

At Greaves Cotton, the goal is to be future-ready. The most important aspect of this goal is to create a talent pool of people who are ready to embrace new technologies and evolving consumer preferences. The Company thus faces the fundamental challenge of motivating employees, investing in them and devising scalable programmes. The Company closely works with its people to understand their needs and engages with potential employees who can fit and resonate well with the organisation's vision.

As the manufacturing industry adopts automation and digitisation trends, the Company is looking to hire smart minds to build a stronger team which is at par with industry standards. To keep enhancing efficiency and quality levels, the Company is hiring smart and technology-savvy people who are well-versed with the ecosystem, prepared to take on new challenges and quick to adapt to a new territory.

The Company envisages good business growth in the future and so is expanding the team. However, at the same time, the focus remains to introduce up-skill initiatives for existing employees to help them learn newer initiatives.

Diversity, Inclusion, and Belonging continue to be a focus area for us at Greaves Cotton. The Company ensures that every single person at Greaves Cotton is valued, heard, respected, empowered and feels a true sense of belonging. The Company goes beyond compliance to actually celebrate and elevate every person in the room.

The aim is to raise the Company's employee value proposition to ensure it resonates with a diverse audience. Conscious efforts by the leadership team help ensure gender fluidity and improve diversity in the organisation.

Greaves Cotton is progressing towards becoming a B2C company. With the new set of stakeholders, the Company is faced with new

challenges. The Company needs to be geared up to ensure a smooth transition. The Company has embarked this journey with several internal programs like GROW (Greaves Recommended Online Workshop) to boost employee morale. The focus has always been to develop future skills in the organisation. Leveraging the power of e-learning, the Company offered exciting learning opportunities for all employees and their families. To motivate employee-led Company undertakes several employee-led initiatives including monthly catch-up sessions with senior management, providing insights into the business growth trajectory.

As an organisation, the Company believes that reskilling and upskilling inculcate employees with motivation and loyalty. When organisations make it a priority to invest in their employees' learning and development, there is a commensurate improvement in retention rate, employee satisfaction and productivity. The Company's idea is to move along with every individual and upgrade their skills from time to time, to enhance productivity and efficiency.

As on March 31, 2021, the payroll count of permanent employees was 1,101. The year gone by was satisfactory in terms of industrial relations of the Company with its employees and trade unions.



HUMANS OF GREAVES



Board's Report

To,

The Members,

The Directors have pleasure in presenting the 102nd Annual Report of Greaves Cotton Limited ("the Company" or "Greaves") on the business and operations and the Audited Financial Statements for the financial year ended 31st March 2021.

FINANCIAL HIGHLIGHTS

(₹ In crore)

Particulars	Consolidated		Standalone	
	Year ended 31 st March 2021	Year ended 31 st March 2020	Year ended 31 st March 2021	Year ended 31 st March 2020
Total Revenue	1508.73	1931.12	1339.10	1840.95
Profit Before Tax and Exceptional items	20.67	164.28	52.93	191.96
(Loss) / Gain on Exceptional Items	(34.46)	4.71	(34.46)	4.71
Profit/(Loss) Before Tax	(13.79)	168.99	18.47	196.67
Less: Provision for Tax	4.99	41.72	8.11	49.16
Profit/(Loss) for the year	(18.78)	127.27	10.36	147.51
Total Comprehensive Income/(Loss) for the year	(17.80)	128.47	11.33	148.95
Dividend paid and Tax on Dividend	0	0	0	0
Balance of the Profit carried forward	345.03	362.83	468.22	456.90

REVIEW OF OPERATIONS AND STATE OF AFFAIRS

- The Company registered total revenue of ₹ 1339.10 crore during the year under review as against ₹ 1840.95 crore in the previous financial year.
- The profit after tax was ₹ 10.36 crore for the year under review as against ₹ 147.51 crore in the previous financial year.
- The profit after tax for the year under review includes an exceptional loss of ₹ 34.46 crore as against exceptional gain of ₹ 4.71 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 3.95% as against 10.43% in the previous financial year.

During the year under review, the Company has not revised its financial statements 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.

NATURE OF BUSINESS

Greaves is one of the leading and diversified engineering companies in India with a rich legacy and brand trust of over 162 years impacting a million lives every day. The Company operates in multiple segments namely Automotive, Non-Automotive, Aftermarket, Greaves Retail, Electric Mobility (Ampere Electric for electric scooters and other electric industrial products and e-rickshaw) and Greaves Finance. Greaves is a market leader in fuel-agnostic powertrain solutions and manufactures Cleantech powertrains for CNG, Petrol and Diesel segments. Over the years, the Company has actively participated in nation-building and continues to support the 'Make-In-India' initiative of the Government through its state-of-the-art manufacturing facilities in the country creating world-class products and solutions. The Company has a vast nationwide network with 400+ Greaves big retail centres & 6300+ smaller spare parts retail outlets across the country. During the year, there has been no change in the nature of business of the Company.

SHARE CAPITAL

The authorised share capital of the Company as on 31st March 2021 stood at ₹ 75,00,00,000 (Rupees Seventy Five Crores) divided in to 37,50,00,000 (Thirty Seven Crores Fifty Lakhs) equity shares of ₹ 2 (Rupees Two only) each and the paid-up share capital of the Company as on 31st March 2021 stood at ₹ 46,24,13,590 (Rupees Forty Six Crores Twenty Four Lakhs Thirteen Thousand Five Hundred and Ninety) divided in to 23,12,06,795 (Twenty Three Crores Twelve Lakhs Six Thousand Seven Hundred and Ninety Five) equity shares of ₹ 2 (Rupees Two only) each. During the year under review, there has been no change in the authorised and paid-up share capital of the Company.

TRANSFER TO RESERVES

During the year under review, no amount was transferred to Reserves.

DIVIDEND

The Directors have recommended a dividend of ₹ 0.20 per share on face value of ₹ 2 per share for the financial year ended on 31st March 2021, resulting in an outflow of ₹ 4.62 crore and a dividend payout of 44.6% of the standalone profits of the Company. The Company is in compliance with the Dividend Distribution Policy as approved by the Board.

DIVIDEND DISTRIBUTION POLICY

In terms of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), mandating the top 1000 listed entities, based on market capitalization calculated as on 31st March of every financial year, to formulate a Dividend Distribution Policy and disclose the same on their website. Accordingly, the Board of the Company has adopted a Dividend Distribution Policy, which is available on the Company's website under the "Investors" section at https://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 Companies Act, 2013 ("Act") read with the Companies (Acceptance of Deposits) Rules, 2014.

REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year under review, Ampere Vehicles Private Limited ("Ampere") acquired 74% equity shareholding in Bestway Agencies Private Limited ("Bestway") with effect from 14th July 2020 and pursuant to the same, Bestway became the subsidiary of the Company. As at 31st March 2021, the Company has four subsidiaries. The details of the performance of the subsidiary companies during the year under review 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 ₹ 0.58 crore and loss of ₹ 0.86 crore.

Dee Greaves Limited (DGL)

DGL, a wholly owned subsidiary of GLFL, did not undertake any business during the year under review. It reported a total revenue of ₹ 0.01 crore and loss of ₹ 0.0013 crore.

Ampere Vehicles Private Limited (Ampere)

Ampere, a wholly owned subsidiary of the Company, involved in designing and manufacturing electric vehicles, has reported a total revenue of ₹ 136.32 crore and loss of ₹ 21.62 crore.

Bestway Agencies Private Limited (Bestway)

Bestway, a subsidiary of Ampere, involved in manufacturing and supply of ELE branded E-Rickshaw and E-3Wheeler parts, has reported a total revenue of ₹ 40.73 crore and loss of ₹ 2.63 crore.

During the year under review, D B H International Private Limited, Bharat Starch Products Private Limited and DBH Investments Private Limited ("Transferor Companies") amalgamated into Karun Carpets Private Limited ("KCPL") ("Transferee Company"), pursuant to which all transferor companies stand amalgamated in KCPL with effect from 23rd December 2020. Consequently, KCPL became the

holding company of Greaves holding 55.63% stake effective from 31st December 2020.

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.

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 Company's website at <https://www.greavescotton.com/investors/financials>.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company for FY 2020-21 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 this 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 the 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 31st March 2021 along with 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 and Group CEO affirming compliance with the Company's Code of Conduct by the Directors and Senior Management, for the financial year 2020-21, 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 helps to identify the unsafe actions or conditions at 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 all safety and health precautionary measures followed across the plant like sanitization and disinfection at set frequency, distribution of arsenic album medicines to employees, thermal screening of all employees, ensuring social distancing at workplace and creating awareness among employees.
2. Rapid antigen testing camps for all employees.
3. COVID vaccination camp for employees above the age of 45 as per Government guidelines.
4. Systems implementation to ensure zero compromise on safety through 'Work permit system' and ownership of adherence to the safety norms.
5. Regular safety drives coupled with effective trainings are conducted to help spread awareness among employees on how to maintain a safe working environment.
6. 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.
7. Increased focus on training & awareness, safety observations and various audits like Internal Audit, SMAT audit, theme based safety inspection, safety patrolling, fire equipment audit and emergency equipment audit.
8. Identification of safety hazards, near misses and accident prone areas through safety management audit.
9. 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.
10. Annual health check-up of all the employees conducted to take care of their wellbeing.
11. Various health programs like blood donation camps, neuropathy, eye check-up, tetanus toxoid vaccination camp and sessions on stress management, brain stroke, etc.

12. World Environment Day and Earth Day are observed on annual basis.
13. Environmental measures like planting saplings is conducted across all the facilities.
14. Various green initiatives taken at our Aurangabad plant like afforestation initiative by implementing the Japanese method of Miyawaki plantation, around 1200 saplings planted in and around plant premises under the each one plant one initiative.
15. Water conservation initiative undertaken by construction of artificial farm lakes at our Aurangabad plant.

It is an honour to be awarded for the measures we take at our plant in terms of the environmental and green initiatives. We are delighted to share about our Aurangabad Plant winning the Second Prize at the Envirocare Green Awards 2020.

HUMAN RESOURCES

Capability building for Future skills is pivotal to an organisation's growth and success. At Greaves, 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 an Assessment centre to identify Top Talent & to assess successors to Leadership roles. Organization is trying to balance its hiring technique of build and buy by promoting people from within the organization and hiring talent wherever capability is not available within the organization. This year Greaves got certified as a **Great Place to Work**. This is one of the prestigious certifications that the organization has received and this will help in attracting talent from outside. 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. We have inducted 87 DEEP Trainees under this programme and we have 193 DEEP Trainees as on 31st March 2021.

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 has an Internal Complaints Committee. There were no cases filed during the year under review.

GREAVES COTTON - EMPLOYEES STOCK OPTION PLAN 2020

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 11th June 2020 had approved the Greaves Cotton - Employees Stock Option Plan 2020 ("the ESOP Scheme") for grant up to a maximum of 2% of the paid-up share capital of the Company having face value of ₹ 2 each ("the Options") to the eligible employees of the Company, its holding company and subsidiary(ies).

There was no change in the ESOP Scheme during the financial year under review. The ESOP Scheme is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations"). Details of the ESOP Scheme have also been provided in notes to the standalone financial statements.

The ESOP Scheme is being administered and monitored by the Nomination and Remuneration Committee ("NRC") of the Company in accordance with the SBEB Regulations. During FY 2020-21, no employee was issued options equal to or exceeding 1% of the issued share capital of the Company at the time of grant.

In compliance with the requirements of the SBEB Regulations, a certificate from auditors confirming implementation of ESOP Scheme in accordance with the said regulations and shareholder's resolution, will be available electronically for inspection by the members during the Annual General Meeting ("AGM") of the Company.

Details of the shares issued under ESOP Scheme and the disclosures in compliance with SBEB Regulations, are uploaded on the Company's website at <https://www.greavescotton.com/investors/financials>.

DIRECTORS

Executive Directors

The Board of Directors of the Company ("Board") on 13th August 2020, basis recommendation of the NRC, appointed Mr. Ajit Venkataraman as an Additional Director on the Board of the Company to hold office effective from 14th August 2020 up to the date of ensuing AGM.

In the said meeting the Board, basis recommendation of the NRC, appointed Mr. Ajit Venkataraman as Executive Director with effect from 14th August 2020 for the period of three (3) years or his employment with the Company, whichever is earlier. Further, the NRC and Board have recommended the appointment of Mr. Ajit Venkataraman as Executive Director of the Company, to the members at the ensuing AGM.

During the year under review, the members of the Company in their 101st AGM has appointed Mr. Mohanan Manikram as Executive Director of the Company for a period of three (3) years with effect from 5th November 2019 or till the time Mr. Mohanan Manikram is in employment of the Company, whichever is earlier. Thereafter, Mr. Mohanan Manikram has tendered his resignation as Executive Director of the Company with effect from the close of business hours of 5th November 2020 due to his other work commitments. However, Mr. Mohanan continues to be in the employment of the Company as Chief of Operations of the Company.

Managing Director and Group CEO

Mr. Nagesh Basavanhalli was earlier appointed as Managing Director & CEO of the Company for a period of five (5) years effective from 27th September 2019 up to 26th September 2024.

During the year under review, Mr. Basavanhalli has resigned from the position of Managing Director & CEO on 13th August 2020. Further, basis recommendation of the NRC, the Board has appointed Mr. Basavanhalli as an Additional Director (Non-Executive, Non - Independent) and Vice Chairman of the Company to hold office with effect from 14th August 2020 up to the date of ensuing AGM.

Subsequently, the Board on 5th November 2020, basis recommendation of the NRC, has approved the change in status of Mr. Nagesh Basavanhalli from Additional Director (Non-Executive Non-Independent) to Additional Director (Executive) of the Company to hold office with effect from 5th November 2020 up to the date of ensuing AGM. In the said meeting, the Board appointed Mr. Nagesh Basavanhalli as Managing Director and Group CEO of the Company with effect from 5th November 2020 for a period of 5 (five) years.

Further, the NRC and Board have recommended the appointment of Mr. Nagesh Basavanhalli as Managing Director and Group CEO of the Company, to the members at the ensuing AGM.

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.

Independent Directors

The Board through circular resolution approved on 30th May 2020 has appointed Mr. Subbu Venkata Rama Behara as an Additional Director of the Company with effect from 28th May 2020 to hold office up to the date of 101st AGM. Further, the members of the

Company in their 101st AGM has appointed Mr. Subbu Venkata Rama Behara as an Independent Director of the Company to hold the office for a period of five (5) years with effect from 28th May 2020.

During the year under review, the members of the Company in their 101st AGM has appointed Ms. Sree Patel 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 14th February 2020. In the same meeting, the members has also appointed Mr. Vinay Sanghi as an Independent Director of the Company to hold the office for a second term for a period of two (2) years with effect from 4th August 2020.

The tenure of appointment of Mr. Kewal Handa as an Independent Director will conclude on 5th May 2021. 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 Mr. Kewal Handa as an Independent Director for a second term for a period of five (5) years with effect from 6th May 2021.

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

During the year under review, Mr. Vikram Tandon, Independent Director, resigned from the Board of the Company with effect from 27th 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 his appreciation of the valuable contribution made by Mr. Vikram Tandon during his tenure as Director of the Company.

KEY MANAGERIAL PERSONNEL

During the year under review, Ms. Neetu Kashiramka has ceased to be Chief Financial Officer of the Company with effect from 6th April 2020. Thereafter, Mr. Amit Mittal was appointed as Chief Financial Officer of the Company with effect from 27th April 2020. Further, Mr. Amit Mittal tendered his resignation as Chief Financial Officer of the Company, with effect from the close of business hours of 5th November 2020 due to his personal reasons.

Subsequently, Mr. Dalpat Jain has been appointed as Group Chief Financial Officer of the Company with effect from 10th February 2021.

As on the date of this report, the Company has 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 and Group CEO
2	Mr. Ajit Venkataraman	Executive Director
3	Mr. Atindra Basu	General Counsel & Company Secretary
4	Mr. Dalpat Jain	Group Chief Financial Officer

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.

Further, in terms of Section 150 of the Act read with Companies (Appointment and Qualification of Directors) Rules, 2014, all Independent Directors of the Company are registered with Indian Institute of Corporate Affairs. 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 31st March 2021 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 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 NRC has also 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 Company amended the remuneration policy to bring it in line with the amendments in the Act and Listing Regulations. The Remuneration Policy is given in **Annexure 1** to this Board's Report and also available on the Company's website at https://www.greavescotton.com/php/media/brochure_files/GCL-Remuneration%20Policy_04.05.2021.pdf. 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 other Executive Directors 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 2** to this Board's 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

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. 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 at https://www.greavescotton.com/php/media/brochure_files/Familiarisation%20Programmes%20for%20Directors%202020-21.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 the 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 2020-21, 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, performance of the Company and other board-related matters, and to review the performance of Non-Independent Directors, the Chairman and the Board as a whole and to 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 per Section 186 of the Act, as on the 31st March 2021 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 the 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. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act, in Form AOC-2 is not applicable. Details of transactions with related parties are disclosed in the Notes to the Standalone Financial Statements, forming a part of this Annual Report.

The policy on dealing with related party transactions is available on the Company's website at https://www.greavescotton.com/php/media/brochure_files/Related%20Party%20Transaction%20Policy_05112020.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 devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31st March 2021 is available on the Company's website at <https://www.greavescotton.com/investors/financials>

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 3** to this Board's Report.

AUDIT COMMITTEE

The details pertaining to composition of the Audit Committee are included in the Corporate Governance Report. All the recommendations made by the Audit Committee were accepted by the Board.

RISK MANAGEMENT

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 at https://www.greavescotton.com/php/media/brochure_files/GCL-CSR%20Policy_04.05.2021.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 & Group CEO and the Chairperson of the CSR Committee, is given in **Annexure 4** to this Board's Report.

The Company is working towards the betterment of society and the environment. Under CSR, projects are selected in such a way that it directly makes a positive impact. Our projects are socially responsible, diverse and focussing on the inclusion of all our stakeholders.

Under DEEP (Development:Education:Empowerment:Progress) – A skill-training programme of the Greaves, where we are focussing on making the youth of India (coming from underprivileged families) turn proficient with technical know-how & learn basics of manufacturing.

Rozgaar Programme – Providing livelihood opportunities for the unemployed youth by providing them apt guidance to start with e-rickshaw and earn gainful employment.

PRIME (Program on Real Independence & Mechanic Empowerment) – A reskilling and training workshop for mechanics in which Greaves conduct a mini workshop in different parts of the country under the supervision of industry experts.

According to UNICEF, 1 out of 5 children of school-going age is out of school because they cannot afford education. Under Greaves Scholarship Programme (GSP), we support students from families of auto rickshaw / e-rickshaw drivers / farmers / mechanics and provide financial assistance to complete their education.

START (Supporting Traders to Activate and Reignite Trade) – A training workshop where all the small business owners learn to use and enhance their business outcomes & profits using different resources available under expert guidance.

Supporting the Cauvery Calling project is one approach taken up by the Company with efforts towards tree plantation activity and restoring biodiversity.

In these uncertain times, we have been carefully choosing projects, which enable us to become "Socially Responsible". Amidst the crisis of COVID-19 pandemic, we are supporting frontline workers to the best capacity. We have contributed with Knapsack sprayers to the Government in different parts of India, which were used in

the sanitisation of hospitals, railway stations, workshops, public administration offices, etc.

Greaves proceeded to create a direct and maximum impact on stakeholders and help the society with a responsible contribution in domain of ESG & sustainable future.

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 Company's website at https://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

During the year under review, basis the recommendation of the Audit Committee and the Board of Directors, the members of the Company in their 101st AGM re-appointed 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 101st AGM of the Company till the conclusion of the 106th AGM of the Company.

The Statutory Auditor has confirmed that they continue to remain eligible to act as the Statutory Auditor of the Company.

STATUTORY AUDITORS' REPORTS

Reports issued by the Statutory Auditors on the Standalone and Consolidated Financial Statements for the financial year ended 31st March 2021 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 pandemic 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 has brought a negative impact on liquidity and 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 pandemic 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 pandemic reality by focussing on readiness to jumpstart operations by implementing social distancing at factories with cautious optimism. Now, the Company has 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, to conduct the Secretarial Audit of the Company for the financial year ended 31st March 2021.

The Secretarial Audit Report (Form MR - 3) is attached as **Annexure 5** to this Board’s Report. The said report is unqualified.

ANNUAL SECRETARIAL COMPLIANCE REPORT

The Company has undertaken an audit for the financial year 2020-21 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 Company Secretary in Practice is available on the Company’s website at <https://www.greaves cotton.com/investors/corporate-announcements>

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 and the Cost Audit Report, for the year ended 31st March, 2020, was filed with the Central Government within the prescribed time.

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 31st March 2022.

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
4th May 2021

Karan Thapar
Chairman
DIN: 00004264

Annexure 1

REMUNERATION POLICY

PREAMBLE AND TITLE

This Policy shall be called the Remuneration Policy (the “Policy”).

The Board of Directors (the “Board”) at their meeting held on 4th May 2021 has approved and adopted this revised Policy, on the recommendation of the Nomination and Remuneration Committee (“NRC”), in compliance with the requirements under the provisions of the Companies Act, 2013 and rules made thereunder (“the Act”), and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) as amended from time to time.

OBJECTIVE

This Policy is intended to achieve the following objectives:

- a) To provide framework for remuneration of the Directors, Key Managerial Personnel (“KMP”) and Senior Management Personnel and align with the Company’s business strategies, values, key priorities and goals.
- b) To provide for rewards linked directly to the effort, performance, dedication and achievement of Company’s targets by the employees.

SCOPE

This Policy does not cover temporary or contractual employees, trainees, apprentices, consultants engaged on a retainer basis or otherwise and casual labour.

DEFINITIONS

- a) **“Applicable Law”** includes any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, notification and clarification or other governmental instruction and/or mandatory standards as may be applicable to the Company from time to time.
- b) **“Company”** means Greaves Cotton Limited.
- c) **“Employee”** means any person who is in the permanent employment of the Company.
- d) **“Senior Management Personnel”** means officers/personnel of the Company who are members of management one level below the chief executive officer / managing director / whole time director / manager and shall specifically include chief financial officer and company secretary (except administrative support staff / executive assistants), including the Functional Heads.

Words and expressions not defined in this policy shall have the same meaning as contained in the Act and the Listing Regulations.

FOR BOARD MEMBERS

- a) The overall limits of remuneration of the board members including executive board members (i.e. managing director, whole-time director, executive directors etc.) are governed by the provisions of section 197 of the Act read with the Rules and Schedules made thereunder and shall be approved by the shareholders of the Company.
- b) Within the overall limit approved by the shareholders, on the recommendation of the NRC, the Board shall determine the remuneration. The Board can determine different remuneration for different directors on the basis of their role, responsibilities, duties, time involvement, etc.
- c) While determining the remuneration to Directors, KMP, Senior Management Personnel and other employees, the following shall be ensured:
 - The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, KMP, senior management and other employees of the quality required to run the Company successfully;
 - Relationship of remuneration to performance is clear and meets appropriate benchmarks; and
 - Remuneration to directors, KMP, senior management and other employees involves a balance of fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

REMUNERATION TO MANAGING DIRECTOR/WHOLE-TIME DIRECTOR

The shareholders shall approve maximum permissible amount which can be paid to the Managing Director/Whole-time Director. Within the overall limits approved by the shareholders, on the recommendation of the Nomination and Remuneration Committee, the Board shall have the authority to revise the remuneration from time to time.

The Managing Director / Whole-time Director (other than promoters) shall also be eligible for the grant of stock options, under the applicable Employee Stock Option Scheme of the Company, as may be decided by the Nomination and Remuneration Committee from time to time.

REMUNERATION TO NON-EXECUTIVE DIRECTORS

Pursuant to the provisions of section 197 of the Act and the shareholders' approval, the Board has approved the following remuneration for Non-Executive Directors (including Independent Directors):

Non-Executive Directors shall be entitled to sitting fees for attending meetings of Board and Committee thereof. The amount of sitting fees shall be within the limits as prescribed under the Act and as approved/revised by the Board of Directors from time to time.

The eligibility and the amount of commission to be paid to Non-Executive Directors shall be recommended by the NRC on the basis of the Directors' contribution in terms of time devoted, technical expertise provided by them as measured by:

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

The Non-Executive Directors shall be entitled to such commission as approved by the Board within the overall limits approved by the shareholders as prescribed under the applicable provisions of the Act.

The sitting fee shall be payable immediately after the board / board committee meeting to those directors who attend the meeting. The Commission shall be payable at the end of the financial year after approval of the annual financial statements by the Board/Shareholders.

The Independent Directors will not be entitled for grant of Stock Options.

All the Directors shall be entitled to reimbursement of reasonable expenditure incurred by him/her for attending Board/Committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training programmes and in obtaining professional advice from independent advisors in furtherance of his/her duties as a director.

REMUNERATION TO KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES (NOT BEING A DIRECTOR)

The Managing Director & Group CEO shall propose the remuneration for the KMPs to the NRC. The Board shall have the final authority to approve the remuneration based on recommendation of NRC.

The remuneration including revision in remuneration of Senior Management Personnel and other employees shall be decided by the Human Resources Department in consultation with the matrix manager within the overall framework of compensation and appraisal practices of the Company and under the overall authority of the Managing Director & Group CEO.

The remuneration may include basic salary, allowances, perquisites, performance linked incentive, retirement benefits, joining / retention bonus, long-term or retention incentives, leave travel concessions, ex-gratia / one-time payments, medical benefits, housing / other loans at concessional rates, severance package or any other component / benefits.

The Key Managerial Personnel, Senior Management Personnel and other employees of the Company (not being a Director) shall also be eligible for grant of stock options, wherever deemed fit, under the applicable Employee Stock Option Scheme of the Company, as may be decided by the NRC from time to time.

DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY

All directors and officers (including Key Managerial Personnel and Senior Management Personnel) of the Company would be covered by the requisite Directors and Officers Liability Insurance Policy.

ADMINISTRATION, REVIEW AND AMENDMENT OF THE POLICY

The NRC shall monitor and periodically review the Policy and recommend the necessary changes to the Board for its approval.

The Compliance Officer of the Company is authorised to amend the policy to give effect to any changes/amendments notified by Ministry of Corporate Affairs or the Securities and Exchange Board of India or any other regulatory authority. The amended policy shall be placed before the Board for noting and ratification.

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

For and on behalf of the Board

Mumbai
4th May 2021

Karan Thapar
Chairman
DIN: 00004264

Annexure 2

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 2020-21 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2020-21:

Name	Designation	Ratio to Median Remuneration	% Increase in Remuneration in FY 20-21
Mr. Karan Thapar	Chairman	4.77:1	-56.55
Mr. Nagesh Basavanhalli*	Managing Director and Group CEO	73.14:1	-34.57
Mr. Ajit Venkataraman**	Executive Director	21.68:1	--
Mr. Mohanan Manikram***	Executive Director	16.89:1	--
Mr. Vikram Tandon****	Independent Director	0.12:1	--
Mr. Arvind Kumar Singhal	Independent Director	2.02:1	-21.52
Mr. Kewal Handa	Independent Director	2.27:1	-32.17
Ms. Sree Patel	Independent Director	2.07:1	-24.11
Mr. Vinay Sanghi	Independent Director	1.58:1	-33.84
Mr. Subbu Venkata Rama Behara*****	Independent Director	1.72:1	--
Ms. Neetu Kashiramka#	Chief Financial Officer	4.90:1	--
Mr. Atindra Basu	General Counsel & Company Secretary	18.67:1	-6.15
Mr. Amit Mittal##	Chief Financial Officer	10.26:1	--
Mr. Dalpat Jain###	Group Chief Financial Officer	3.15:1	--

* resigned as MD & CEO w.e.f. 13th August 2020 and appointed as MD and Group CEO w.e.f. 5th November 2020

** appointed with effect from 14th August 2020

*** resigned with effect from 5th November 2020

**** resigned with effect from 27th April 2020

***** appointed with effect from 28th May 2020

resigned with effect from 6th April 2020

appointed with effect from 27th April 2020 and resigned with effect from 5th November 2020

appointed with effect from 10th February 2021

- II. The percentage increase / (decrease) in the median remuneration of employees in the financial year: -6.05%
- III. The number of permanent employees on the rolls of the Company as on 31st March 2021: 1101
- 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.

For and on behalf of the Board

Mumbai
4th May 2021

Karan Thapar
Chairman
DIN: 00004264

Annexure 3

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 in Machining and Engine testing.
- 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).
- Higher wattage Blower motors replaced with lower wattage Motors.
- Greaves has started procuring HPDC Crankcases instead of LPDC in BSVI Diesel model. This technology shift has benefitted in reducing machining stocks and cycle time.

(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

Nil

B. Technology absorption

(i) Efforts made towards technology absorption

1. The Company has launched Single cylinder Mono fuel CNG 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 developed 700 cc Diesel Engine for tractor applications.
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 and 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 Upgradation: Digitalization and Automation at Greaves: -

In continuation to Digitisation journey started one year back with development of processes for BSVI engines, Greaves has very well strengthened processes by establishing the controls in processes through digitisation. In addition to data storage over cloud, digital controls are enforced to ensure defect free engines passing to customers.

Digital controls been added in Engine assembly and engine testing areas by providing limit values for critical parameters like Crankshafts axial play, Piston Protrusion, Frictional torque of the engine, critical joint tightening torques, etc., for assembly area. In engine testing parameters like torque, smoke, SFC, etc., has been provided with limiting values. These digital controls do not allow any defective product to pass through the process thus improving the reliability of the products. In machine shop, End of Line facility for automatic measurement and recording of critical to Quality parameters is provided for BSVI Crankshafts.

(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	4.04
Revenue	19.48
Total	23.52

The total R&D expenditure as a percentage of Revenue from Operations: 1.77% (2019-20: 1.53%)

C. Foreign Exchange earnings and outgo

Particulars	Amount (₹ in crore)
Inflow	42.00
Outflow	30.98

For and on behalf of the Board

Mumbai
4th May 2021

Karan Thapar
Chairman
DIN: 00004264

Annexure 4

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.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Sree Patel	Independent Director	3	3
2	Mr. Ajit Venkataraman	Executive Director	3	2
3	Mr. Arvind Kumar Singhal	Independent Director	3	3

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

Composition of CSR Committee: https://www.greavescotton.com/php/media/brochure_files/Composition%20of%20Committees_05.05.2021.pdf

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 https://www.greavescotton.com/php/media/brochure_files/GCL-CSR%20Policy_04.05.2021.pdf

CSR Projects: The projects undertaken are within the broad framework of Schedule VII of the Act and can be accessed at <https://www.greavescotton.com/csr>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable – Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any – Not Applicable

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
-	-	-	-

6. Average net profit of the company as per section 135(5): ₹ 197.75 Crore

7. (a) Two percent of average net profit of the company as per section 135(5) : ₹ 3.96 Crore

(b) Surplus arising out of the CSR projects, programmes or activities of the previous financial years: NIL

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 3.96 crore

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6) (in ₹)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
3.25 crore	0.71 crore	30-04-2021	NA	-	-

b) Details of CSR amount spent against ongoing projects for the financial year:

1.	2.	3.	4.	5.		6.	7.	8.	9.	10.	11.	
Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135 (6) (in ₹)	Mode of Implementation -Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Year	Section		Name	CSR Registration number
1	CSR - Health Support	Promoting Health Care	Yes	Maharashtra	Mumbai	3 years	20.00	-	20.00	No	Breach Candy	CSR00001527
2	CSR - Tree plantation	Environment Program	Yes	Karnataka/ Tamil Nadu	Cauvery Basin	3 years	5.00	-	5.00	No	Isha Foundation	CSR000009670
3	CSR - Education Scholarship	Promoting Education	Yes	Tentative (New Delhi(UT), AP, UP, Maharashtra, Chennai and more)	Tentative (Siddharth nagar, Chennai, Aurangabad and more)	3 years	14.00	-	14.00	No	Mantra Foundation	TR/35084
4	CSR - Mechanics Empowerment Program (PRIME)	Empowerment Programs	Yes	Tentative (Maharashtra, Andhra Pradesh, Punjab, Karnataka and more)	Tentative (Pune, Mumbai, Chandigarh, Ludhiana, Hyderabad and more)	3 years	8.00	-	8.00	No	Hawwwabai Education & Welfare Trust	F-8422
5	CSR - Trade enhancement program (START)	Empowerment Programs	Yes	To be decided	To be decided	3 years	8.00	-	8.00	No	Hawwwabai Education & Welfare Trust	F-8422
6	CSR - Farmer Productivity Enhancement Program (Krisha/ Krishak/ Krishify)	Farmers Enhancement program	Yes	To be decided	To be decided	3 years	8.00	-	8.00	No	Hawwwabai Education & Welfare Trust	F-8422
7	CSR - Rozgar program (E rickshaw Drivers)	Empowerment Programs	Yes	Tentative (West Bengal, Orissa, Jharkhand and more)	Tentative (Kolkata, Bhubaneshwar, Ranchi and more)	3 years	8.00	-	8.00	No	Hawwwabai Education & Welfare Trust	F-8422
8	CSR – Reskilling Beneficiaries – DEEP	Skilling Programs	Yes	Maharashtra & Tamil Nadu	Aurangabad, Pune and Coimbatore	3 years	322.00	322.00	-	No	YuvaShakti Foundation	MAH/1132/2007/ PUNE & F-26538 - PUNE

(C) Details of CSR amount spent against other than ongoing projects for the financial year:

1.	2.	3.	4.	5.		6.	7.	8.	
Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
1	CSR – Knapsack Distribution	Sanitisation Programs	Yes	New Delhi (UT), West Bengal, Maharashtra, UP, Tamil Nadu	Kolkata, Mumbai, Aurangabad, Ranipet, Chennai, Raibareli	2.74 Lakhs	Yes	Directly by Greaves	N.A.

(d) Amount spent in Administrative Overheads: Nil**(e) Amount spent on Impact Assessment, if applicable:** Nil**(f) Total amount spent for the Financial Year (8b+8c+8d+8e) :** ₹ 3.25 Crore**(g) Excess amount for set off, if any:** Not Applicable

Sr.no	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	-
(ii)	Total amount spent for the Financial Year	-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

9. (a) Details of Unspent CSR amount for the preceding three financial years: NIL

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in Rs)	Date of transfer	
-	-	-	-	-	-	-	-

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NIL

Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed /Ongoing
-	-	-	-	-	-	-	-	-

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).**(a) Date of creation or acquisition of the capital asset(s):** Not Applicable**(b) Amount of CSR spent for creation or acquisition of capital asset:** Not Applicable**(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.:** Not Applicable**(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset):** Not Applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):

The Company needs to mandatorily spend ₹ 3.96 crore in FY 2020-21 towards CSR activities. Out of the mandated limit of ₹ 3.96 crore, the Company has spent ₹ 3.25 crore for the FY 2020-21. The difference amount of ₹ 0.71 crore could not be spent as the identified projects got delayed due to the global pandemic and related lockdowns in the Country. The unspent balance of ₹ 0.71 crore has been transferred to separate CSR Unspent Account in compliance with Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 vide MCA Notification dated 22nd January 2021.

For and on behalf of the Board

Nagesh Basavanhalli

Managing Director and Group CEO

DIN: 01886313

Mumbai

4th May 2021

Sree Patel

Chairperson of CSR Committee

DIN: 03554790

Annexure 5

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March, 2021

[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: F005769C000228541

**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 31st March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 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 (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;
- (iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (v) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

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. All appropriate steps

including shareholders' approval are being taken by the Company with respect to excess managerial remuneration paid/payable for the Financial Year 2020-21.

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.

Note: *We have conducted online verification & examination of records, as facilitated by the Company, due to Covid 19 and subsequent lockdown situation for the purpose of issuing this Report.*

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: 3rd May, 2021

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 profile of Directors is available at <https://www.greaves cotton.com/about-us>. The day-to-day management of the Company, under the superintendence of the Board, is vested with the Managing Director and Group 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 ¹	No. of Board Committees in which Chairman / Member ²	
				Chairman	Member
Mr. Karan Thapar (DIN: 00004264)	29/09/1991	Chairman / Non-executive Promoter Director	1	-	1
Mr. Nagesh Basavanhalli* (DIN: 01886313)	14/08/2020	Managing Director and Group CEO	2	-	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	5
Ms. Sree Patel (DIN: 03554790)	14/02/2017	Independent Director	-	-	-
Mr. Vinay Sanghi (DIN: 00309085)	04/08/2017	Independent Director	2	-	-
Mr. Subbu Venkata Rama Behara (DIN: 00289721)	28/05/2020	Independent Director	3	2	3
Mr. Ajit Venkataraman** (DIN: 07289950)	14/08/2020	Additional Director (Executive)	1	-	-

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.

*resigned as a Managing Director & CEO with effect from 13th August 2020.

Re-designated as Managing Director and Group CEO with effect from 5th November 2020.

** appointed as an Additional Director (Executive) with effect from 14th August 2020.

Mr. Vikram Tandon, Independent Director resigned from the Board of the Company with effect from 27th 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.

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:

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

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

During the financial year 2020-21, the Board met 5 times i.e. on 27th April 2020, 5th June 2020, 13th August 2020, 5th November 2020 and 10th February 2021. 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 101st AGM of the members of the Company was held on 13th August, 2020 at 4:00 p.m. IST through Video Conferencing / Other Audio Visual Means in compliance with the applicable provisions of the Act, rules framed thereunder and Listing Regulations read with related circulars issued by Ministry of Corporate Affairs ('MCA') and Securities Exchange Board of India ('SEBI').

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

Name	Number of Board Meetings attended	Attendance at 101 st AGM
Mr. Karan Thapar	5 of 5	Yes
Mr. Nagesh Basavanhalli	5 of 5	Yes
Mr. Vikram Tandon*	1 of 1	N.A.
Mr. Arvind Kumar Singhal	5 of 5	Yes
Mr. Kewal Handa	5 of 5	Yes
Ms. Sree Patel	5 of 5	Yes
Mr. Vinay Sanghi	5 of 5	Yes
Mr. Ajit Venkataraman**	2 of 2	N.A.
Mr. Mohanan Manikram#	3 of 4	Yes
Mr. Subbu Venkata Rama Behara##	4 of 4	Yes

* resigned with effect from 27th April 2020

**appointed with effect from 14th August 2020

#resigned with effect from 5th November 2020

##appointed with effect from 28th May 2020

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.

The Directors are also provided with video conferencing facilities to enable them to participate in the meetings. During the year, due to the prevailing COVID-19 pandemic and travel restrictions, all the Board and the Committee meetings of the Company were conducted through Video Conferencing / Other Audio Visual Means. The meetings and agenda items taken up during the meetings were in compliance with the Act and Listing Regulations read with various circulars issued by MCA and SEBI due to COVID-19 pandemic.

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 31st March 2021 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 auditor;
- 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 Auditor 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 Auditor,
- Internal audit reports relating to internal control weaknesses, and
- Appointment, removal and terms of remuneration of the Chief Internal Auditor.

3.1.2. Composition

As on the date of this report, the Committee comprises of three Directors, all of whom are Non-executive and Independent as given below. During the year under review, there was no change in the composition of the Committee.

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

3.1.3. Meetings and attendance

During the financial year 2020-21, the Committee met four times i.e. on 5th June 2020, 12th August 2020, 4th November 2020 and 9th February 2021. 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:

Name	Number of Meetings attended
Mr. Kewal Handa	4 of 4
Ms. Sree Patel	4 of 4
Mr. Arvind Kumar Singhal	4 of 4

The Managing Director and Group CEO, the Executive Director, the Group Chief Financial Officer of the Company, representatives of the Statutory Auditor and the Internal Auditor are the invitees at the 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

- To formulate the criteria for determining the qualifications, positive attributes, expertise and independence of Directors and recommend to the Board their appointment;
- To recommend to the Board, the remuneration of the Executive Directors', as follows:
 - 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;
 - Remuneration amount, annual/mid-term increments, merit rewards, special payments, etc.;
 - Changes in the remuneration package, terms of appointment, notice period, severance fees, recruitment, retention and termination policies and procedures;
 - Details of stock options and period over which the options are exercisable;
 - Key performance indicators, the actual performance vis-à-vis the key performance indicators and amount of the annual performance linked incentive;
- To recommend to the Board a policy relating to the remuneration for the Executive Directors, Key Managerial Personnel and Management Staff;
- To devise a policy on Board diversity;
- To formulate criteria for evaluation of Independent Directors and the Board;
- 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;
- 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;
- To review the Remuneration / Promotion / Increment / Performance Linked Incentive Policy, including remuneration structure, retention and termination policies;
- 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
- To investigate any senior level employee grievance or complaints that may have arisen.

3.2.2 Composition

As on the date of this report, the NRC comprises of three Directors of whom two are Independent Directors including the Chairperson and one is a Non-executive Director as given below. During the year under review, due to resignation of Mr. Vikram Tandon as an Independent Director, the Board in their meeting held on 5th June, 2020 inducted Mr. Subbu Venkata Rama Behara as a member and Chairperson of NRC.

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 2020-21, the NRC met four times i.e. on 2nd April 2020, 12th August 2020, 4th November 2020 and 10th February 2021. 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. Vikram Tandon*	1 of 1
Mr. Vinay Sanghi	4 of 4
Mr. Subbu Venkata Rama Behara**	3 of 3

*resigned with effect from 27th April 2020.

**Inducted as a member and chairperson of the committee with effect from 5th June 2020.

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 the Executive Directors, during the financial year 2020-21 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	352.63	17.31	50.63	-	-	420.57
Mr. Mohanan Manikram*	96.16	0.98	-	-	-	97.14
Mr. Ajit Venkataraman**	124.29	0.34	-	-	-	124.63

*resigned with effect from 5th November 2020

**appointed as an Additional (Executive) Director with effect from 14th August 2020

The Company has an Employee Stock Option Scheme named 'Greaves Cotton – Employee Stock Option Plan 2020', ("ESOP 2020") for retaining the talent for a longer duration within the Company. During the Financial year 2020-21, the NRC granted 12,16,397 stock options to Mr. Nagesh Basavanhalli, Managing Director and Group CEO and 2,43,279 stock options to Mr. Ajit Venkataraman, Executive Director of the Company. For other details related to stock options as required under SEBI (Share Based Employee Benefits) Regulations, 2014 are uploaded on the Company's website at <https://www.greavescotton.com/investors/financials>

There is no separate provision for payment of severance fees.

Details regarding Service Contract and Notice Period:

	Mr. Nagesh Basavanhalli	Mr. Ajit Venkataraman	Mr. Mohanan Manikram*
Service Contract	5 th November 2020 to 4 th November 2025	Three (3) years or his employment with the Company, whichever is earlier	Three (3) years or his employment with the Company, whichever is earlier.
Notice Period	3 months	3 months	3 months

*resigned with effect from 5th November 2020

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, and ₹ 10,000 for attending each meeting of the Stakeholders' Relationship & Share Transfer Committee and Managing Committee.

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

b. Commission

In terms of the Members' approval given at the 98th AGM held on 3rd 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 2020-21 are as follows:

(₹ in lakhs)

Name of the Directors	Sitting fees	Commission*	Others	Total
Mr. Karan Thapar	3.85	23.60	-	27.45
Mr. Vikram Tandon [#]	0.70	-	-	0.70
Mr. Arvind Kumar Singhal	4.55	7.08	-	11.63
Mr. Kewal Handa	4.20	8.85	-	13.05
Ms. Sree Patel	4.85	7.08	-	11.93
Mr. Vinay Sanghi	3.80	5.31	-	9.11
Mr. Subbu Venkata Rama Behara**	2.80	7.08	-	9.88
Mr. Nagesh Basavanhalli***	-	-	24.65	24.65

* Subject to approval of the audited financial statements for the financial year 2020-21 by the Members at the forthcoming 102nd AGM

[#] resigned with effect from 27th April 2020

** appointed with effect from 28th May 2020

*** appointed as a Non-executive Director and Vice Chairman of the Company for a period commencing from 14th August 2020 till 4th November 2020. During the said period, Mr. Basavanhalli was eligible for a consultancy fee of ₹ 9,00,000/- per month as per the Consultancy Arrangement entered into between the Company and Mr. Basavanhalli. Pursuant to his appointment as a Managing Director and Group CEO with effect from 5th November 2020, the aforesaid arrangement ceases to operate

Please refer to the disclosure on Related Party transactions in Notes to the Standalone Financial Statements for details of transactions in which Directors of the Company are concerned or interested. The remuneration drawn by the Directors during the year is set out above.

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.

3.2.5 Shareholding of Non-executive Directors of the Company

The shareholding of Non-executive Directors as on 31st March 2021 is as follows:

Sr. No.	Name of Director	No. of shares held
1.	Mr. Arvind Kumar Singhal	40,000 equity shares

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 Act;
- Formulate and recommend to the Board, the Annual Action Plan for the financial year with respect to the CSR Activities proposed to be undertaken by the Company;
- 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 given below. The Board of Directors in their meeting held on 13th August 2020, reconstituted the CSR Committee by inducting Mr. Ajit Venkataraman as a member in place of Mr. Nagesh Basavanhalli.

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

3.3.3 Meetings and attendance

During the financial year 2020-21, the CSR Committee met three times i.e. on 13th August 2020, 5th November 2020 and 9th February 2021. The details of the attendance of the Directors at these Meetings are as follows:

Name	Number of Meetings attended
Ms. Sree Patel	3 of 3
Mr. Nagesh Basavanhalli*	1 of 1
Mr. Arvind Kumar Singhal	3 of 3
Mr. Ajit Venkataraman**	2 of 2

*ceased to be a member with effect from 14th August 2020

**inducted as a member with effect from 14th August 2020

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 given as below. During the year under review, there was no change in the composition of the Committee.

Name	Designation	Category
Mr. Karan Thapar	Chairperson	Non-executive Director
Mr. Nagesh Basavanhalli	Member	Managing Director and Group CEO
Mr. Kewal Handa	Member	Independent Director

3.4.3 Meetings and attendance

During the financial year 2020-21, the Risk Management Committee met twice i.e. on 11th August 2020 and 4th November 2020. The details of the attendance of the Directors at these Meetings are as follows:

Name	Number of Meetings attended
Mr. Karan Thapar	2 of 2
Mr. Nagesh Basavanhalli	2 of 2
Mr. Kewal Handa	2 of 2

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 ('RTA') 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 RTA 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 RTA, decide the terms and conditions, remuneration, service charge / fees and review their performance;
- To decide the frequency of audit of the RTA 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 RTA; 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

As on the date of this report, the Committee comprises of three Directors of whom two are Non-executive Directors as given below. During the year under review, the Board of Directors in their meeting held on 13th August 2020 reconstituted the Committee by inducting Mr. Ajit Venkataraman as a member in place of Mr. Nagesh Basavanhalli.

Name	Designation	Category
Ms. Sree Patel	Chairperson	Independent Director
Mr. Ajit Venkataraman	Member	Executive Director
Mr. Vinay Sanghi	Member	Independent Director

3.5.3 Meetings and attendance

During the financial year 2020-21, the Committee met 3 times i.e. on 11th August 2020, 5th November 2020 and 9th February 2021. The details of the attendance of the Directors at these Meetings are as follows:

Name	Number of Meetings attended
Ms. Sree Patel	3 of 3
Mr. Nagesh Basavanhalli*	1 of 1
Mr. Ajit Venkataraman**	2 of 2
Mr. Vinay Sanghi	3 of 3

*ceased to be a member with effect from 14th August 2020

**inducted as a member with effect from 14th August 2020

3.5.4 Name and designation of Compliance Officer

Mr. Atindra Basu, General Counsel 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 three complaints during the year under review which were satisfactorily addressed. There were no pending complaints as on 31st March 2021.

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

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

Mr. Atindra Basu, General Counsel and Company Secretary, is designated as the Investor Relations Officer who may be contacted at the Registered Office of the Company or on Telephone: 022 41711700.

Complete details of the past unpaid / unclaimed dividends lying with the Company have been uploaded on the Company's website www.greaves cotton.com under the head "Investor Information" under Investors Tab. Members are urged to visit the website and claim their unpaid / unclaimed dividend, if any, before the amount gets transferred to the Investor Education and Protection Fund of the Government.

3.5.6 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 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 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(s).

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
3 rd Interim Dividend for the Financial Year 2012-13	30.01.2013	6,20,074	24.04.2020
Final Dividend for the Financial Year 2012-13	30.07.2013	7,21,464	10.09.2020
1 st Interim Dividend for the Financial Year 2013-14	13.09.2013	4,59,707	27.10.2020
2 nd Interim Dividend for the Financial Year 2013-14	06.02.2014	5,87,955	24.03.2021

Shares transferred/ credited to IEPF:

During the financial year 2020-21, the Company transferred 5,43,045 Ordinary (Equity) Shares to IEPF Authority. The IEPF Authority holds 16,01,262 Ordinary (Equity) Shares in the Company as on 31st March 2021.

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 Nodal Officer are available on the website of the Company at 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 (In ₹) (As on 31 st March 2021)
Final Dividend for the Financial Year 2013-14	31.07.2014	03.09.2021	8,46,929.40
Interim Dividend for the Financial Year 2014-15	30.08.2014	30.09.2021	20,24,451.80
Final Dividend for the Financial Year 2014-15	06.08.2015	06.09.2022	16,29,614.80
Interim Dividend for the Financial Year 2015-16	03.02.2016	07.03.2023	63,74,983.49
Final Dividend for the Financial Year 2015-16	26.09.2016	26.10.2023	15,65,280.00
Interim Dividend for the Financial Year 2016-17	14.02.2017	22.03.2024	59,27,132.00
Final Dividend for the Financial Year 2016-17	03.08.2017	08.09.2024	23,73,692.00

Year	Date of declaration of Dividend	Due date for transfer to IEPF	Amount (In ₹) (As on 31 st March 2021)
Interim Dividend for the Financial Year 2017-18	05.02.2018	13.03.2025	55,86,040.00
Final Dividend for the Financial Year 2017-18	13.08.2018	18.09.2025	21,78,687.50
Interim Dividend for the Financial Year 2018-19	04.02.2019	12.03.2026	54,08,292.00

3.6 Meeting of Independent Directors

During the financial year 2020-21, 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, performance of the Company and other board-related matters, and to review the performance of Non-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 the 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	Mode	Venue/Deemed Venue	Special Resolution passed, if any
13 th August 2020	04:00 p.m.	Video Conference/ Other Audio Visual Means	Unit No. 701, 7 th Floor, Tower 3, Equinox Business Park, LBS Marg, Kurla West, Mumbai- 400 070	1. Re-appointment of Ms. Sree Patel as an Independent Director 2. Re-appointment of Mr. Vinay Sanghi as an Independent Director
8 th August 2019	3.30 p.m.	Physical	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 th August 2018	4.00 p.m.	Physical	Hall of Culture, Nehru Centre, Worli, Mumbai- 400 018	Adoption of new set of Articles of Association

4.2 Special Resolutions through Postal Ballot

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

Date of Postal Ballot Notice: 11th June 2020

Voting period: Friday, 12th June 2020 at 09:00 hours IST to Saturday, 11th July 2020 at 17:00 hours IST

Date of declaration of results: 13th July 2020

Date of approval: 11th July 2020 (i.e. last date specified for receipt of duly completed Postal Ballot Forms or remote e-voting)

Sr. No.	Name of the resolution	Type of resolution	No. of votes polled	Vote cast in favour		Vote cast against	
				No. of votes	%	No. of votes	%
1.	To approve Greaves Cotton- Employees Stock Option Plan 2020	Special resolution	16,28,74,832	15,22,87,697	93.50	1,05,87,135	6.50
2.	To extend approval of 'Greaves Cotton- Employees Stock Option Plan 2020' for the employees of the Holding Company and its Subsidiary Company (ies).	Special resolution	16,28,74,807	15,22,85,200	93.50	1,05,89,607	6.50

Mr. Sunny Gogiya (Membership No. A56804), Practising Company Secretary, was appointed as the scrutinizer to conduct and scrutinize the postal ballot e-voting 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, Regulation 44 of the Listing Regulations and in accordance with the related circulars issued by MCA.

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

During the year under review, the policy on materiality of related party transactions was reviewed by the Audit Committee and the Board of Directors on periodic basis and was amended in order to align it with the regulatory amendments. The amended related party transaction policy on materiality of related party transactions and also for dealing with related party transactions is disclosed on the website of the Company at www.greaves cotton.com and can also be accessed through the following link https://www.greaves cotton.com/php/media/brochure_files/Related%20Party%20Transaction%20Policy_05112020.pdf

5.2 Disclosure of Accounting treatment in preparation of Financial Statements

The Company has prepared its Standalone and Consolidated Financial Statements in accordance with applicable Indian Accounting Standards as notified under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

5.3 Management

The Management Discussion and Analysis Report, as required under Regulation 34 of the Listing Regulations 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, SEBI and other statutory authorities on any matter relating to capital market during the last three years.

5.5 CEO/CFO Certification

The Managing Director and Group CEO and the Group 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 unlisted 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.greaves cotton.com and can be accessed through the following link https://www.greaves cotton.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 their immediate relatives 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 UPSI, 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, General Counsel and 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 and can be accessed through the following link https://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 31st March 2021. A declaration to this effect, signed by the Managing Director and Group 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 the financial year 2020-21, no personnel have been denied access to the Audit Committee.

The Whistle Blower Policy is posted on the website of the Company at https://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.greavescotton.com and can be accessed through the following link <https://www.greavescotton.com/investors/investor-information>

- d) Website: The financial results are also simultaneously posted on the Company's website <http://www.greavescotton.com/investors/financials>

7. GENERAL SHAREHOLDER INFORMATION

7.1 Annual General Meeting Information

Date: 11th August 2021 at 04:00 P.M. IST

Mode: Video Conferencing or Other Audio Visual Means

Deemed Venue: Unit No. 701, 7th Floor, Tower 3, Equinox Business Park, LBS Marg, Kurla West, Mumbai – 400070 (Registered Office). For details, please refer to the Notice of this AGM.

Dividend and Payment Date: Dividend of ₹ 0.20 per equity share; payable on or before Thursday, 9th September 2021, subject to the approval of the Shareholders.

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

7.3 Financial Calendar (tentative)

The Company expects to announce the financial results for the year 2021-22, as per the following schedule:

1 st quarter ending 30 th June 2021	: on or before 14 th August 2021
2 nd quarter ending 30 th September 2021	: on or before 14 th November 2021
3 rd quarter ending 31 st December 2021	: on or before 14 th February 2022
4 th quarter and financial year ending 31 st March 2022	: on or before 30 th May 2022
103 rd Annual General Meeting	: on or before 30 th September 2022

7.4 Stock Exchange Information

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

Name and address of Stock Exchange	Stock Code / Symbol
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	501455
National Stock Exchange of India Limited (NSE) 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 "A" / S&P BSE 500 Index of BSE Limited.

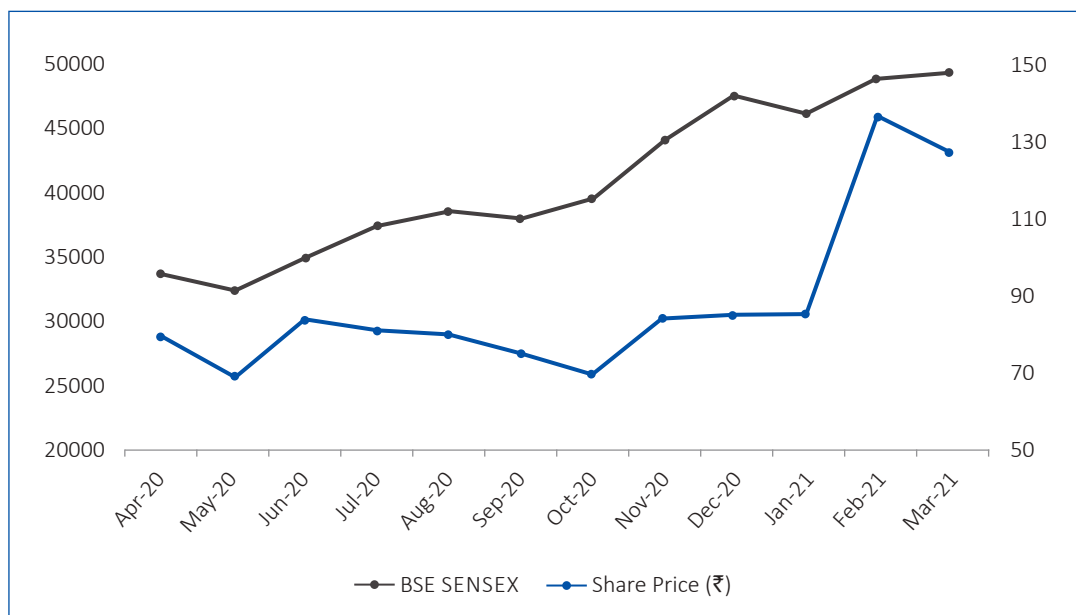
The Listing Fees for the financial year 2021-22 has been paid to both the above Stock Exchanges.

7.5 Market Price Data (high, low during each month in the financial year 2020-21):

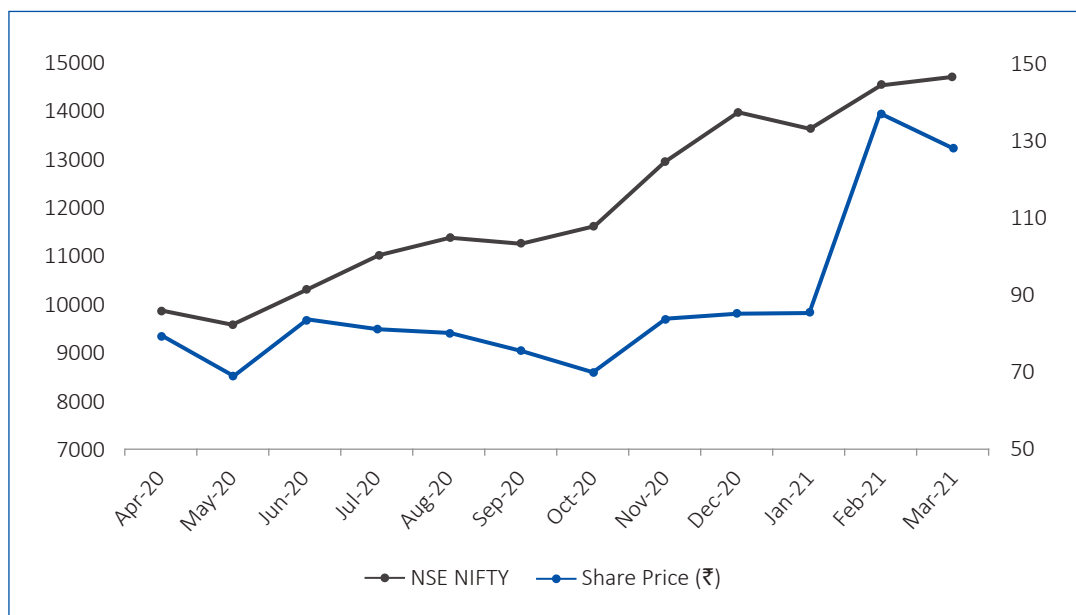
Month	BSE				NSE			
	Prices in ₹		S & P BSE Sensex		Prices in ₹		Nifty 50	
	High	Low	High	Low	High	Low	High	Low
April, 2020	94.30	66.25	33,887.25	27,500.79	95.10	66.05	9,889.05	8,055.80
May, 2020	79.00	68.40	32,845.48	29,968.45	79.95	68.35	9,598.85	8,806.75
June, 2020	93.45	70.70	35,706.55	32,348.10	93.45	70.10	10,553.15	9,544.35
July, 2020	92.80	81.00	38,617.03	34,927.20	92.50	81.05	11,341.40	10,299.60
August, 2020	91.40	78.30	40,010.17	36,911.23	91.35	78.40	11,794.25	10,882.25
September, 2020	82.15	70.20	39,359.51	36,495.98	82.25	70.10	11,618.10	10,790.20
October, 2020	76.55	68.80	41,048.05	38,410.20	76.70	69.20	12,025.45	11,347.05
November, 2020	86.00	66.00	44,825.37	39,334.92	86.40	66.00	13,145.85	11,557.40
December, 2020	90.40	75.10	47,896.97	44,118.10	90.50	75.20	14,024.85	12,962.80
January, 2021	102.10	84.75	50,184.01	46,160.46	102.00	84.70	14,753.55	13,596.75
February, 2021	146.05	84.55	52,516.76	46,433.65	146.20	84.45	15,431.75	13,661.75
March, 2021	158.00	116.90	51,821.84	48,236.35	157.90	116.95	15,336.30	14,264.40

7.6 Performance of share price in comparison with the BSE and NSE indices

- a. Performance of the Company's share price in comparison with the S & P BSE SENSEX



- b. Performance of the Company's share price in comparison with the NIFTY 50

**7.7 Share Transfer Agent Information:****Registrar and Share Transfer Agent:**

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.comWebsite: www.kfintech.com

7.8 Share Transfer System

We have appointed KFin Technologies Private Limited ('KFINtech') as the RTA 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(10) 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 on the demat procedure.

7.9 Shareholding Pattern as on 31st March 2021

Category	Number of Shares held	Percentage of Shareholding
Promoters	12,86,14,955	55.63
Mutual Funds	1,05,36,839	4.56
Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-Government Institutions)	1,62,86,272	7.04
Corporate Bodies/Clearing Members	54,61,395	2.37
Foreign Portfolio Investors	1,14,15,010	4.94
NRIs/ OCBs/ FIIs	21,36,809	0.91
Resident Individuals/HUF/Trust	5,17,02,673	22.36
IEPF	16,01,262	0.69
Qualified Institutional Buyer	3,64,086	0.16
Alternative Investment Fund	30,87,494	1.34
Total	23,12,06,795	100.00

7.10 Distribution of Shareholding as on 31st March 2021

Number of shares	Number of shareholders	Percentage	Number of Shares	Percentage
Upto 2,500	1,14,806	97.38	2,54,57,607	11.01
2,501 to 5,000	1,752	1.49	63,88,444	2.76
5,001 to 10,000	761	0.64	54,97,806	2.38
10,001 to 15,000	187	0.16	23,30,583	1.01
15,001 to 20,000	131	0.11	23,88,060	1.03
20,001 to 25,000	60	0.05	13,63,401	0.59
25,001 to 50,000	95	0.08	33,54,880	1.45
50,001 & above	107	0.09	18,44,26,014	79.77
Total	1,17,899	100.00	23,12,06,795	100.00

7.11 Dematerialization of Shares and Liquidity

The Company's shares can be traded on the Stock Exchanges only in dematerialized form. 99.19% of the total equity share capital was held in dematerialized form as on 31st March 2021.

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

The details of shares held in dematerialised and physical form as on 31st March 2021 are as follows:

Particulars	Equity Shares of ₹ 2 each		Shareholders	
	Number	% of total	Number	% of total
Dematerialized form				
NSDL	21,02,05,059	90.92	52,520	44.55
CDSL	1,91,24,301	8.27	58,574	49.68
Sub- total	22,93,29,360	99.19	1,11,094	94.23
Physical form	18,77,435	0.81	6,805	5.77
Total	23,12,06,795	100.00	1,17,899	100.00

Promoter's entire holding is in dematerialized form.

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

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

The Company has not issued any GDRs / ADRs / Warrants or any other Convertible Instruments and hence as on 31st March 2021, the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

During the financial year 2020-21, the Company had granted stock options to its employees under the Greaves Cotton – Employee Stock Option Plan 2020 ('ESOP 2020'). As on 31st March 2021, 24,95,441 stock options were outstanding under the ESOP 2020.

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".

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	Telephone number: 022 41711700
Unit No. 701, 7 th Floor, Tower 3,	E-mail: investorservices@greavescotton.com
Equinox Business Park, LBS Marg,	Website: www.greavescotton.com
Kurla West, Mumbai- 400070	

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 and can be accessed through the following link https://www.greavescotton.com/php/media/brochure_files/Familiarisation%20Programmes%20for%20Directors%202020-21.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

For details related to commodity price / foreign exchange risk and hedging, please refer to the Management Discussion and Analysis Report which forms part of this Annual Report.

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/MCA 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 Director 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 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 General Counsel and 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:

Sr. No.	Name of the Director	Name of Listed Entity	Category
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
		Borosil Limited	Independent Director
03.	Mr. Subbu Venkata Rama Behara	KPIT Technologies Limited	Independent Director
		MTAR 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 and Group CEO, and Dalpat Jain, Group 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 31st March 2021 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 and Group CEO
DIN: 01886313

Dalpat Jain

Group Chief Financial Officer

Place: Mumbai

Date: 4th May 2021

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 31st March 2021.

For Greaves Cotton Limited

Nagesh Basavanhalli

Managing Director and Group CEO
DIN: 01886313

Place: Mumbai

Date: 4th May 2021

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, 7th 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, 7th 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 March 2021, 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 the Director	DIN	Date of appointment in the Company
1	Mr. Karan Thapar	00004264	29 September 1991
2	Mr. Nagesh Basavanhalli	01886313	27 September 2016
3	Mr. Mohanan Manikram*	08555030	05 November 2019
4	Mr. Ajit Venkataraman	07289950	14 August 2020
5	Mr. Arvind Kumar Singhal	00709084	01 November 2013
6	Mr. Kewal Handa	00056826	06 May 2016
7	Ms. Sree Patel	03554790	14 February 2017
8	Mr. Vinay Sanghi	00309085	04 August 2017
9	Mr. Subbu Venkata Rama Behara	00289721	28 May 2020

* resigned w.e.f. 5th November 2020.

Note – Date of appointment of all the Directors are original date of appointment as per MCA Records.

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 Gogiya

Practising Company Secretary

Membership No.: A56804

Certificate of Practice No.: 21563

UDIN: A056804C000175560

ICSI Unique Code S2019MH654000

Peer Review Certificate No.: 1112/2021

Place: Thane

Date: 26th April 2021

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. MJ/2020-2021/320A dated 29th September, 2020.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Greaves Cotton Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March 2021, 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 Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31st March, 2021.
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)

Mukesh Jain

(Partner)

(Membership No. 108262)

(UDIN: 21108262AAAAIO9364)

MUMBAI, 4th May, 2021

Business Responsibility Report

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, 7th Floor, Tower 3, Equinox Business Park, LBS Marg, Kurla West, Mumbai- 400070
- Website:** www.greavescotton.com
- E-mail id:** investorservices@greavescotton.com
- Financial Year reported:** 1st April 2020 to 31st March 2021
- 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.
 - 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

- 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) :** ₹ 1339.10 crore
- Total profit after taxes (INR) :** ₹ 10.36 crore
- Total Spending on Corporate Social Responsibility (CSR) and as percentage of profit after taxes (%):** ₹ 3.25 crore (31.37%)
- List of activities in which expenditure in 4 above has been incurred:**
 - Reskilling
 - Education
 - Health
 - Environment

For more details, refer Annexure 4 to the Board's Report forming part of this Annual Report.

SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies?** Yes. The Company has 4 subsidiaries as on 31st March 2021. During the year under review, Ampere Vehicles Private Limited ("Ampere") acquired 74% equity shareholding in Bestway Agencies Private Limited ("Bestway") with effect from 14th July 2020 and pursuant to the same, Bestway became the subsidiary of the Company.
- 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.
- 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. The Company conducts Annual Vendor meets at a Company level and BU-specific Vendor meet at regular intervals. This provides a great platform where the 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 carried out. 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.

The 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.

The Company has a rating system and is in the process of enhancing and automating the same. The 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 and Group CEO

b) Details of the BR Head

DIN Number: 07289950

Name: Mr. Ajit Venkataraman

Designation: Executive Director

Tel. No. : 022-41711700

Email ID : ajit.venkataraman@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: Environmental 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
3.	Does the policy conform to any national / international standards? If yes, specify?(50 words)	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
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 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									
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified 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
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? –** The Company publishes Business Responsibility Report which forms part of Annual Report and the same can be accessed through <https://www.greaves cotton.com/investors>.

extend to the Group/Joint Ventures/Suppliers/ Contractors /NGOs/Others?

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

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

The Company has different mechanisms for receiving and dealing with complaints from various stakeholders like Customers, Employees, Suppliers, etc. During the financial year 2020-21, 3 (three) 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**

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	With an array of Fuel Agnostic Powertrain Solutions, the BS VI compliant engines deliver on high fuel efficiency, low TCO, superior performance and long-term assurance. Greaves engines come in different fuel types of diesel, petrol, CNG/LPG and they are suitable for variety of passenger and cargo last mile small commercial vehicle applications. Backed by strong aftermarket support through spares and service, Greaves Automotive Engines continue to be the popular choice amongst leading Automotive OEMs and auto-drivers. Meeting the stringent Industrial and regulatory compliance norms, Greaves Engines have been a pioneering name in the Indian Automotive segment from decades. Our Light Engines Unit- I, Aurangabad, and Light Engines Unit- V, Aurangabad are ISO certified.

Business	Social and Environmental benefits
Non-Automotive business	<p>a. Auxiliary Power business</p> <p>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.</p> <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>The 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.</p>
Electric Mobility	Giving access of electric mobility solutions, Ampere specializes in last Mile affordable mobility solutions. With proven EV expertise of more than 12 years, Ampere offers the right reasons to opt for electric scooters. With strong base of 75,000+ customers & growing, Ampere is developing an ecosystem for affordable & sustainable solutions for clean last mile in India.

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. 2019-20	Current Yr. 2020-21
Specific Energy Consumption	Automotive Engine Business(AEB)	Units/Engine	32	46
	Industrial Engine Business(IEB)	Units/Eq. Engine	179	187
	Farm Equipment Business (FEB)	Units/Engine	9.45	--
Specific water Consumption	Automotive Engine Business, Aurangabad	M ³ /Engine	0.20	0.33
	Industrial Engine Business	M ³ /Eq. Engine	1.52	1.17
	AEB & FEB, Ranipet	M ³ /Engine	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.

The 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. The Company is working with suppliers on long term relationship. The Company has a number of suppliers who already provide products in returnable packing format and the Company is aggressively working to add even more suppliers in this format. With Annual vendor meets, the 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. The 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, the 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

- Please indicate the Total number of employees: 1101
- Please indicate the Total number of employees hired on temporary/contractual/casual basis: 1318
- Please indicate the Number of permanent women Employees: 50
- Please indicate the Number of permanent employees with disabilities: 1
- Do you have an employee association that is recognized by management? Yes
- What percentage of your permanent employees is members of this recognized employee association? 5%
- 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

Sr. No.	Category	No. of complaints filed during financial year	No. of complaints pending as on end of financial year
3	Discriminatory employment	NIL	NIL

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

- Permanent Employees: 79%
- Permanent Women Employees: 85%
- Casual/Temporary/Contractual Employees: 76%
- Employees with Disabilities: NA

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

- Has the company mapped its internal and external Stakeholders? Yes/No
Yes
- Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

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

- 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, the Company works on supplier development clusters program under the aegis of MSME, Ministry and Automotive Component Manufacturers Association of India. 11 clusters are created within Pune, Aurangabad, Kolhapur and Chennai region involving 81 suppliers. In addition to above, the 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

- 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 2020-21, 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. While working on this direction relentlessly, we have today a range of energy efficient products & services as offering in affordable last mile transportation.

Ampere is accelerating the mission of affordable clean mobility solutions for emerging India. Today, more than 80,000+ happy users of Ampere vehicles have experienced freedom with low operation and running cost, hence improving their savings. All information can be accessed from <https://www.greavescotton.com/>

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

Yes, the Company is ISO 14001:2015 Certified 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 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:-** In our initiative towards a cleaner and greener tomorrow we have taken various measures to conserve energy like the various power saving projects & initiatives being implemented at the plant, replacement of conventional lighting systems with power saving LED lamps, solar powered street lamps and the installation of solar roof top panels at both our plants at Aurangabad location. 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:** We have implemented various initiatives towards water conservation like rain water harvesting, rain water collection in farm lakes, reuse of ETP & STP treated water for gardening purpose & we are proud to share that our Aurangabad plant is a 'Zero Liquid Discharge' 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 through an authorized agency (MEPL).
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.
7. **Tree plantation & Miyawaki afforestation:** As a part of our Green initiative at Aurangabad Plant we have planted around 2000 saplings of various native species of trees. The forests grown using Miyawaki technique grows 10 times faster and 30 times denser. They boast of having 30 times better carbon dioxide absorption

capacity, 30 times better noise, and dust reduction ability, and 30 times greener surface area, as compared to a monoculture plantation. These dense forests not only help retain groundwater, recharge groundwater tables and support local biodiversity but also increase green cover and curb air pollution. Apart from this we have around 5500 trees & plants in & around the factory premises with 15000 square meter area covered by lawns. We have also developed green belts along the roads near the factory premises.

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
- 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
- Monitoring and controlling of Air Consumption
- Conversion of water cooled compressor to air cooled compressor
- Conventional water heating system of washing machine replaced by heat from compressor
- Installation of Air saving Unit to reduce loading hours of compressor

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 (NGO/Trusts).

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?

The Company has undertaken distribution of Knapsack sprayers to support sanitisation programs for public places in different parts of India. Amount spent – ₹ 2.74 lakhs

For more details, refer Annexure 4 to the Board's Report forming part of this Annual Report.

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 87 beneficiaries in skill training so far, which is making them independent to earn under DEEP

program. The Company 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 2020-21:

Division	Total Customer Complaints(Phenomena) Registered in this period	Open	Close	Open %	Close %
Automotive Engine	1716	0	1716	0%	100%
Industrial Engine & Auxiliary Power	3882	0	3882	0%	100%
Farm Equipment	288	0	288	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, eg: 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. The Company regularly take customer's feedback during the design and development of product and service initiatives.

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 31st March 2021, 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 31st March 2021, 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.

Key Audit Matter	Auditor's Response
<p>Assessment of carrying value of unquoted equity instruments in subsidiary – Ampere Vehicles Private Limited ("Ampere")</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. Management reviews whether there are any impairment indicators and based on review, 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 3.1(e) and 7A to the standalone financial statements)</p>	<p>Principal Audit Procedures Performed</p> <ul style="list-style-type: none"> 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 subsidiary; Evaluated the objectivity and independence of the specialist engaged by the Company and reviewed the valuation report issued by such specialist; 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; Compared the Company's assumptions with comparable benchmarks in relation to key inputs such as long-term growth rates and discount rates;

Key Audit Matter	Auditor's Response
	<ul style="list-style-type: none"> Assessed the appropriateness of the forecasted projections of Revenue and EBITDA within the budgeted period based on understanding of the business and sector experience; Performed a sensitivity analysis in relation to weighted average cost of capital; and Assessed the adequacy of the disclosures made in the financial statements.

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 Director's Report, Business Responsibility Report and Corporate Governance, but does not include the standalone financial statements and our auditors 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 statement 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.

Those 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 relevant 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 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 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, we draw attention to Note 35 to the standalone financial statements regarding excess managerial remuneration paid / payable to the Managing Director and Executive Directors amounting to ₹ 3.49 crore for the year ended March 31, 2021 in terms of the prescribed limits under Section 197 read with Schedule V to the Act, is subject to approval of the shareholders which the Company proposes to obtain in the forthcoming Annual General Meeting.

Our opinion is not modified in respect to this matter.

- 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)

Mukesh Jain

(Partner)

(Membership No. 108262)

(UDIN: 21108262AAAAIM6188)

Place: Mumbai

Date: 4th May, 2021

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 31st March, 2021 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 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 Company’s internal financial controls over financial reporting of the Company 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 is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2021, based on the criteria for internal financial control over financial reporting established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins and Sells LLP**

Chartered Accountants

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

Mukesh Jain

(Partner)

(Membership No. 108262)

(UDIN: 21108262AAAAIM6188)

Place: Mumbai
Date: 4th May, 2021

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 31st March, 2021 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 31st March, 2021, 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 31st March, 2021, on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates (Financial Year)	Amount Unpaid (₹ In Crores)*
Central Sales Tax Act, 1956 & Local Tax Act	Non submission of forms, interest and other matters	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 2015-16 2017-18	30.72
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	0.26
Central Excise Act ,1944	Disallowance of input credit and penalty	Commissioner (Appeals)	1991-92 2010-11 2011-12 2016-17 2017-18	1.41
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	2.31

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates (Financial Year)	Amount Unpaid (₹ In Crores)*
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) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act for the year ended March 31, 2021, except for ₹ 3.49 crore of remuneration paid / payable to the Managing Director and Executive Directors which is in excess of the limits prescribed under Section 197 read with Schedule V of the Act. As per the provisions of the Companies Act, 2013 the excess remuneration is subject to approval of the shareholders which the Company proposes to obtain in the forthcoming Annual General Meeting.
- (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 and Sells LLP**

Chartered Accountants

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

Mukesh Jain

(Partner)

(Membership No. 108262)

(UDIN: 21108262AAAAIM6188)

Place: Mumbai

Date: 4th May, 2021

Balance Sheet

as at 31st March 2021

				(₹ in Crore)
		Note No.	As at 31 st March 2021	As at 31 st March 2020
ASSETS				
1	Non-current assets			
(a)	Property, plant and equipment	4	192.35	223.14
(b)	Capital work- in- progress		23.41	12.08
(c)	Right-of-use assets	4 & 39	28.79	33.19
(d)	Investment properties	5	-	-
(e)	Intangible assets	6	46.16	49.24
(f)	Intangible assets under development		50.39	56.49
(g)	Financial assets			
(i)	Investments			
	Investments in subsidiaries	7	176.59	176.59
(ii)	Other financial assets	8A	61.36	8.39
(h)	Income tax assets (Net)		31.38	29.63
(i)	Deferred tax assets (Net)	18A	18.49	7.09
(j)	Other non- current assets	9A	21.28	20.72
Total non-current assets			650.20	616.56
2	Current assets			
(a)	Inventories	10	154.83	171.18
(b)	Financial assets			
(i)	Trade receivables	11	202.99	238.85
(ii)	Cash and cash equivalents	12	170.53	154.33
(iii)	Bank balances other than (ii) above	13	105.28	33.90
(iv)	Other financial assets	8B	13.12	23.88
(c)	Other current assets	9B	31.89	51.27
Total current assets			678.64	673.41
Total Assets			1,328.84	1,289.97
EQUITY AND LIABILITIES				
EQUITY				
(a)	Equity share capital	14	46.24	46.24
(b)	Other equity	15	854.71	841.96
Total Equity			900.95	888.20
LIABILITIES				
1	Non-current liabilities			
(a)	Financial liabilities			
	Lease liabilities	39	7.58	11.42
(b)	Provisions	17A	0.23	0.48
(c)	Other non- current liabilities	20A	20.42	24.05
Total non-current liabilities			28.23	35.95
2	Current liabilities			
(a)	Financial liabilities			
(i)	Trade payables			
	- Total outstanding dues of micro enterprises and small enterprises	19	32.20	30.37
	- Total outstanding dues of creditor's other than micro enterprises and small enterprises	19	285.34	248.70
(ii)	Lease liabilities	39	3.87	3.95
(iii)	Other financial liabilities	16	25.77	39.98
(b)	Provisions	17B	24.68	20.56
(c)	Income tax liabilities (Net)		5.26	5.26
(d)	Other current liabilities	20B	22.54	17.00
Total current liabilities			399.66	365.82
Total Equity and Liabilities			1,328.84	1,289.97
Notes forming part of the financial statements		1-40		

As per our report of even date attached

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

Mukesh Jain
Partner

Dalpat Jain
Group Chief Financial Officer

Atindra Basu
Company Secretary & Head Legal

Mumbai, 4th May 2021

For and on behalf of the Board

Kewal Handa
Director
DIN : 00056826

Nagesh Basavanhalli
Managing Director & Group CEO
DIN : 01886313

Statement of Profit & Loss

for the year ended 31st March 2021

(₹ in Crore)

	Note No.	Year ended 31 st March 2021	Year ended 31 st March 2020
I Revenue from operations	21	1,329.06	1,821.11
II Other income	22	10.04	19.84
III Total income (I + II)		1,339.10	1,840.95
IV Expenses			
Cost of materials consumed	23	817.74	1,117.12
Purchases of stock-in-trade	24	95.44	158.47
Changes in inventories of finished goods, stock-in-trade and work-in progress	25	28.19	(26.44)
Employee benefits expense	26 & 35	127.09	158.04
Finance costs	27	5.63	3.84
Depreciation and amortisation expense	28	48.41	52.17
Other expenses	29	163.67	185.79
Total expenses		1,286.17	1,648.99
V Profit before exceptional items and tax		52.93	191.96
VI Exceptional items : Income /(Expense)	30	(34.46)	4.71
VII Profit before tax		18.47	196.67
VIII Tax expense			
Current tax		19.51	63.25
Deferred tax (credit) / charge		(11.40)	(14.09)
Total tax expenses	18D	8.11	49.16
IX Profit for the year (VII - VIII)		10.36	147.51
X Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans : Gain		1.29	1.93
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.32)	(0.49)
Other comprehensive income for the year		0.97	1.44
XI Total Comprehensive income for the year (IX + X)		11.33	148.95
XII Earnings per equity share of ₹ 2 each :			
Basic	33	0.45	6.16
Diluted	33	0.45	6.16
Notes forming part of the financial statements	1-40		

As per our report of even date attached

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

Mukesh Jain
Partner

Dalpat Jain
Group Chief Financial Officer

Atindra Basu
Company Secretary & Head Legal

Mumbai, 4th May 2021

For and on behalf of the Board

Kewal Handa
Director
DIN : 00056826

Nagesh Basavanhalli
Managing Director & Group CEO
DIN : 01886313

Statement of Changes in Equity

for the year ended 31st March 2021

(₹ in Crore)

A	Equity share capital	
	Balance as at 1 st April 2019	48.84
	Buyback of equity shares (Refer note 14D)	(2.60)
	Balance as at 31 st March 2020	46.24
	Balance as at 31st March 2021	46.24

(₹ in Crore)

	Reserves and surplus						Total
	Capital reserve	Securities premium	General reserves	Capital redemption reserve	Employee share options	Retained earnings	
B	Other equity						
	Balance as at 1st April 2019	1.34	34.59	346.18	-	-	538.21
	Profit for the year	-	-	-	-	-	147.51
	Other comprehensive income (net of tax)	-	-	-	-	-	1.44
	Total Comprehensive Income for the year	-	-	-	-	-	148.95
	Buyback of equity shares (Refer note 14D)	-	-	-	-	-	(224.90)
	Amount transferred to Capital redemption reserve on Buyback of equity shares (Refer note 14D)	-	-	-	2.60	-	(2.60)
	Filing fees paid to SEBI on Buyback of equity shares	-	-	-	-	-	(1.15)
	Payment made towards Listing Fees	-	-	-	-	-	(1.14)
	Transition Impact of Ind AS 116	-	-	-	-	-	(0.47)
	Employee Stock option Plan (Refer note 15A)	-	-	-	-	0.35	-
	Balance as at 31st March 2020	1.34	34.59	346.18	2.60	0.35	456.90
	Balance as at 1st April 2020	1.34	34.59	346.18	2.60	0.35	456.90
	Profit for the year	-	-	-	-	-	10.36
	Other comprehensive income (net of tax)	-	-	-	-	-	0.97
	Total Comprehensive Income for the year	-	-	-	-	-	11.33
	Employee Stock option Plan (Refer note 15A)	-	-	-	-	1.43	-
	Balance as at 31st March 2021	1.34	34.59	346.18	2.60	1.78	468.22
	Notes forming part of the financial statements						1-40

As per our report of even date attached

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

Mukesh Jain
Partner

Dalpat Jain
Group Chief Financial Officer

Atindra Basu
Company Secretary & Head Legal

Mumbai, 4th May 2021

For and on behalf of the Board

Kewal Handa
Director
DIN : 00056826

Nagesh Basavanhalli
Managing Director & Group CEO
DIN : 01886313

Statement of Cash Flows

for the year ended 31st March 2021

(₹ in Crore)

	Year ended 31 st March 2021	Year ended 31 st March 2020
Cash flows from operating activities		
Profit for the year (after tax)	10.36	147.51
Adjustments for:		
Income tax expense	8.11	49.16
Finance costs	5.63	3.84
Interest income	(8.07)	(8.26)
Profit/Loss on sale of property, plant & equipment (Net)	0.05	0.27
Asset under development written off	1.03	3.93
Profit on sale of property, plant & equipment (exceptional item)	(8.40)	(10.76)
Fair value gain on investments (Including realised gain)	-	(4.78)
ESOP expenses	1.43	0.35
Depreciation and amortisation expenses	48.41	52.17
Impairment of PPE and Intangible assets under development (exceptional item)	17.40	-
Unrealised foreign exchange loss/(gain)	0.13	(0.90)
Operating profit before working capital changes	76.08	232.53
Adjustment for movements in working capital:		
Trade receivables	35.71	98.18
Inventories	16.35	(55.99)
Other assets	28.71	(37.82)
Trade payables	38.49	(40.48)
Provisions	5.16	2.91
Other liabilities	(6.64)	(9.22)
Cash generated from operations	193.86	190.11
Less: Income taxes paid	(21.58)	(70.34)
Net cash generated from operating activities (A)	172.28	119.77
Cash flows from investing activities		
Purchase of PPE and capital work-in-progress	(28.06)	(35.78)
Purchase of intangible assets and Intangible assets under development	(11.49)	(38.58)
Proceeds from disposal of property, plant and equipment	8.42	14.52
(Purchase) / (reinvestment) of financial assets	-	(1,174.63)
Proceeds on sale of financial assets	-	1,598.72
Bank deposits placed	(101.89)	(30.00)
Bank deposits matured	30.00	-
Interest received	7.11	6.23
Investment in subsidiary	-	(103.83)
Loans given to subsidiaries	(53.34)	(3.00)
Loan repaid by subsidiary	3.00	-
Net cash generated (used in) / from investing activities (B)	(146.25)	233.65

Statement of Cash Flows

for the year ended 31st March 2021

(₹ in Crore)

	Year ended 31 st March 2021	Year ended 31 st March 2020
Cash flows from financing activities		
Payments towards buy back of shares	-	(227.50)
Payment made towards Listing Fees	-	(1.14)
Filing fees paid to SEBI on buy-back of shares	-	(1.15)
Payment made towards lease liabilities (including interest)	(5.32)	(5.30)
Interest paid	(4.51)	(2.41)
Net cash used in financing activities (C)	(9.83)	(237.50)
Net increase in cash and cash equivalents (A+B+C)	16.20	115.92
Cash and cash equivalents at the beginning of the year	154.33	38.41
Cash and cash equivalents at the end of the year (Refer Note 12)	170.53	154.33
Notes forming part of the financial statements	1-40	

As per our report of even date attached

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

Mukesh Jain
Partner

Dalpat Jain
Group Chief Financial Officer

Atindra Basu
Company Secretary & Head Legal

Mumbai, 4th May 2021

For and on behalf of the Board

Kewal Handa
Director
DIN : 00056826

Nagesh Basavanhalli
Managing Director & Group CEO
DIN : 01886313

Notes to the Financial Statements

for the year ended 31st March 2021

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 two indirect subsidiaries.

The Company is public limited company incorporated and domiciled in India. The address of its corporate office is Unit No. 701, 7th Floor, Tower 3, Equinox Business Park, LBS Marg, Kurla (West), Mumbai – 400 070.

These Financial statements for the year ended 31st March 2021 were approved by the Board of Directors and authorised for issue on 4th May 2021.

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 1st July 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Ind-AS 115 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;

Notes to the Financial Statements

for the year ended 31st March 2021

- 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 services 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 assets 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 items 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 employee's 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

Notes to the Financial Statements

for the year ended 31st March 2021

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. Goods and Service Tax (GST) paid on incurring expenses or on acquisition of assets:

Expenses and Assets are recognised net of the amount of GST, except

- a. When the tax incurred on purchase of expenses or assets is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of

the cost of acquisition of the asset or as part of the expense item, as applicable.

- b. The net amount of tax receivable / payable is included as part of other assets or other liabilities, as the case may be.

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 for 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.

Notes to the Financial Statements

for the year ended 31st March 2021

2.11. Earnings per share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events (such as bonus shares, share-based payment arrangements), if any, other than the conversion of potential equity shares that have changed the number of equity shares outstanding without a corresponding change in resources. For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.12. Dividends:

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of approval by the Company's Board of Directors.

2.13. Property, plant and equipment:

Cost includes inward freight, taxes (other than taxes recoverable from tax authorities) 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.

2.14. Business Combinations:

Business combinations, if any, are accounted by using the acquisition method as per Ind AS 103 'Business Combination'. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at fair value on acquisition date and the amount of any non-controlling interests in the acquiree. Acquisition related costs are expensed as incurred. Goodwill is initially measured at cost, being the excess of the net acquisition cost and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the net cost of acquisition, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the Company recognises the gain directly in equity as capital reserve, without routing the same through OCI.

2.15. 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.

2.16. Leases:

At inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is, or contains,

Notes to the Financial Statements

for the year ended 31st March 2021

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.

Effective 1st 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.

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.

2.17. Intangible assets:

2.17.1.Intangible assets internally generated or 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. Research costs are charged to the Statement of profit and loss in the year in which they are incurred. Product development costs incurred on new engine platform, engines, transmission and new products are recognised as intangible assets, when feasibility has been established,

the Company has committed technical, financial and other resources to complete the development and it is probable that asset will generate future economic benefits. The costs capitalised include the cost of materials, direct labour and directly attributable overhead expenditure incurred up to the date the asset is available for 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.

2.17.2.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.

2.17.3.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.

2.18.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

Notes to the Financial Statements

for the year ended 31st March 2021

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.

2.19. 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.

2.20. 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.

2.21. 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.

2.22. Financial instrument:

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

2.23. 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.

2.23.1. 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.

2.23.2. 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.

Notes to the Financial Statements

for the year ended 31st March 2021

For trade receivables or any contractual rights to receive cash or another financial asset that results from transactions that are within the scope of Ind AS 115, 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.

2.23.3. 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.

2.23.4. 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.

2.23.5. Cash and cash equivalents:

Cash and cash equivalents include cash in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, if any, are shown as borrowings under current financial liabilities.

2.24. Financial liabilities:

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

2.24.1 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.

2.24.2 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.

2.24.3 Foreign exchange gains and losses:

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

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

2.24.4 Derecognition of financial liabilities:

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

2.25 Derivative financial instruments:

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

Notes to the Financial Statements

for the year ended 31st March 2021

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.

2.26 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 are reviewed at each balance sheet date and updated / recognised as appropriate.

3.

3.1. 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 employments plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations.

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

b. Useful lives of property, plant and equipment & intangible assets (Including Intangible Asset under development):

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.

The Company's assessment of carrying value of intangible under development have inherent challenge with accurately predicting the future economic benefits which includes estimate of volume projection, margin, regulatory changes, expected capital expenditure for production phase and judgement around the probability of acceptance of technology / new product. Estimate and judgement around these inputs are critical to assess the carrying value of assets. The Company undertakes, significant levels of research and development activities for engine development and its various uses. A periodic review is undertaken during the life cycle of the engine. The Company applies judgement to determine the point at which the recognition criteria under accounting standard is satisfied.

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 to sixty months.

Notes to the Financial Statements

for the year ended 31st March 2021

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 investments 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 5 year revenue CAGR of 89%.

Based on the above, no impairment was identified as of 31st March, 2021 as the recoverable amount is higher than carrying value.

f. Recoverability assessment of Assets:

In assessing the recoverability of assets such as intangible assets (including intangible assets under development), 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.

3.2. Recent accounting pronouncements:

On 24th March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable for financial years starting from 1st April 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

Notes to the Financial Statements

for the year ended 31st March 2021

4. Property, plant and equipment

Right-of-use assets

	Freehold		Leasehold	Plant & equipment	Office equipment	Furniture & fixtures	Vehicles	Leasehold improvements	Total Property, plant and equipment	Leasehold land	Leased properties	Total Right-of-use assets
	Land		Buildings									
Cost												
Balance as at 1 st April 2019	3.44	78.48	20.07	243.37	3.55	6.74	0.39	5.00	361.04	-	-	-
Asset held for sale reclassified*	-	12.47	-	-	-	-	-	-	12.47	0.12	-	0.12
Asset reclassified to Right-of-use assets	-	-	(20.07)	-	-	-	-	-	(20.07)	20.07	-	20.07
Additions	-	0.45	-	28.88	0.37	0.16	0.07	2.20	32.13	-	18.76	18.76
Disposals	-	(1.49)	-	(2.66)	-	(0.02)	-	-	(4.17)	-	-	-
Balance as at 31 st March 2020	3.44	89.91	-	269.59	3.92	6.88	0.46	7.20	381.40	20.19	18.76	38.95
Additions	-	0.42	-	10.31	0.04	0.01	-	-	10.78	-	0.32	0.32
Disposals	-	(0.21)	-	(0.05)	(0.02)	(0.08)	-	(0.81)	(1.17)	-	(0.04)	(0.04)
Balance as at 31 st March 2021	3.44	90.12	-	279.85	3.94	6.81	0.46	6.39	391.01	20.19	19.04	39.23
Depreciation												
Balance as at 1 st April 2019	-	(13.98)	(0.90)	(106.29)	(2.41)	(1.39)	(0.13)	(1.05)	(126.15)	-	-	-
Adjustment on asset held for sale reclassified*	-	(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)	-	(25.80)	(0.47)	(0.71)	(0.04)	(1.36)	(32.95)	(0.22)	(4.63)	(4.85)
Disposals	-	1.39	-	2.13	-	0.02	-	-	3.54	-	-	-
Balance as at 31 st March 2020	-	(20.76)	-	(129.96)	(2.88)	(2.08)	(0.17)	(2.41)	(158.26)	(1.13)	(4.63)	(5.76)
Depreciation expense	-	(5.79)	-	(21.81)	(0.25)	(0.55)	(0.05)	(1.22)	(29.67)	(0.22)	(4.46)	(4.68)
Impairment	-	(0.10)	-	(11.40)	(0.02)	(0.21)	-	-	(11.73)	-	-	-
Disposals	-	0.20	-	0.05	0.02	0.06	-	0.67	1.00	-	-	-
Balance as at 31 st March 2021	-	(26.45)	-	(163.12)	(3.13)	(2.78)	(0.22)	(2.96)	(198.66)	(1.35)	(9.09)	(10.44)
Carrying amount												
Balance as at 31 st March 2020	3.44	69.15	-	139.63	1.04	4.80	0.29	4.79	223.14	19.06	14.13	33.19
Balance as at 31 st March 2021	3.44	63.67	-	116.73	0.81	4.03	0.24	3.43	192.35	18.84	9.95	28.79

*During the previous year, the Company reclassified asset held for sale into property, plant and equipment and right-of-use assets. As per management assessment, the said assets were not likely to be sold in the near future.

Notes to the Financial Statements

for the year ended 31st March 2021

5. Investment properties

		(₹ in Crore)
Particulars	Investment properties	
Cost		
Balance as at 1 st April 2019		4.29
Disposals		(4.04)
Balance as at 31 st March 2020		0.25
Disposals		(0.25)
Balance as at 31 st March 2021		-
Depreciation		
Balance as at 1 st April 2019		(0.83)
Disposals		0.64
Depreciation expense		(0.06)
Balance as at 31 st March 2020		(0.25)
Disposals		0.25
Depreciation expense		-
Balance as at 31 st March 2021		-
Carrying amount		
Balance as at 31 st March 2020		@
Balance as at 31 st March 2021		-
Direct operating expenses including repairs and maintenance arising from investment properties that generated rental income for the year ended 31 st March 2020		0.05
Direct operating expenses including repairs and maintenance arising from investment properties that generated rental income for the year ended 31 st March 2021		0.01

@ Represents amount less than ₹ 1 lac

Fair value of investment properties:

During the year, the Company has sold all its investment properties. The fair values, based on independent valuer for the previous year was ₹ 5.24 Crore (Level 3).

6. Intangible assets

						(₹ in Crore)
Particulars	Technical knowhow	Product development	Computer software	Non-compete fees	Total Intangible assets	
Cost						
Balance as at 1 st April 2019	15.03	36.56	12.72	5.00		69.31
Additions	28.41	6.96	5.48	-		40.85
Balance as at 31 st March 2020	43.44	43.52	18.20	5.00		110.16
Additions	9.48	2.97	0.98	-		13.43
Disposals / Discarded	(4.34)	(33.51)	(4.26)	-		(42.11)
Balance as at 31 st March 2021	48.58	12.98	14.92	5.00		81.48
Amortisation						
Balance as at 1 st April 2019	(12.36)	(24.40)	(9.48)	(0.37)		(46.61)
Amortisation expense	(3.13)	(8.02)	(2.33)	(0.83)		(14.31)
Balance as at 31 st March 2020	(15.49)	(32.42)	(11.81)	(1.20)		(60.92)
Amortisation expense	(7.90)	(2.82)	(2.51)	(0.83)		(14.06)
Impairment	(0.09)	(2.35)	(0.01)	-		(2.45)
Disposals / Discarded	4.34	33.51	4.26	-		42.11
Balance as at 31 st March 2021	(19.14)	(4.08)	(10.07)	(2.03)		(35.32)
Carrying Amount						
Balance as at 31 st March 2020	27.95	11.10	6.39	3.80		49.24
Balance as at 31 st March 2021	29.44	8.90	4.85	2.97		46.16

Notes to the Financial Statements

for the year ended 31st March 2021

7. Investments

(₹ in Crore)

Particulars	As at 31 st March 2021		As at 31 st March 2020	
	Nos.	Amount	Nos.	Amount
Non- current (Unquoted)				
7A Investment in subsidiaries (fully paid)				
Equity instruments (at amortised cost)				
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	1,17,19,163	176.30
Refer Note 3.1.e of significant accounting policies and Note below				
Total		176.59		176.59
Aggregate carrying value of unquoted investments - Non current		176.59		176.59

Note:

During the previous year, the Company acquired 47,72,749 shares having face value of ₹ 10 each for ₹ 103.83 Crore in Ampere Vehicles Private Limited (AVPL). With this AVPL became wholly owned subsidiary of the Company.

7B Particulars of Investment made, loan given and Guarantee given with purpose in terms of section 186 (4) of the Companies Act, 2013

(₹ in Crore)

Particulars	2020-21	2019-20	Purpose
Investment	Refer Note 7A above		
Loan Given	Refer Note 1 under Note 8-Other financial assets		
Guarantee Given			
Ampere Vehicles Private Limited	35.00	25.00	Corporate guarantee issued by the Company against working capital facilities provided by Kotak Mahindra Bank

8. Other financial assets

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
8A Non-current		
Security deposits	5.69	6.14
Margin money deposits with Banks	2.30	2.22
Loan to subsidiaries (Refer note 34 and note 1 below)	53.34	-
Other assets- Employee advances, etc.	0.03	0.03
Non-current total	61.36	8.39
8B Current		
Export benefit receivables	1.60	0.90
Loan to subsidiary (Refer note 34 and note 1 below)	-	3.00
Security deposits	6.97	9.31
Fixed deposits with financial institutions	20.50	20.50
Less: Provision for doubtful deposits	(20.50)	(20.50)
	-	-

Notes to the Financial Statements

for the year ended 31st March 2021

8. Other financial assets (contd.)

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Interest receivable	1.04	2.07
Interest receivable from subsidiaries (Refer note 34)	1.97	0.05
Other receivable from subsidiary (Refer note 34)	0.16	-
Other assets- Claims receivable, Employee advances, etc.	1.38	8.55
Current total	13.12	23.88
Total	74.48	32.27

Note:

- During the year, the Company granted a loan of ₹ 0.75 Crore (previous year ₹ 3 Crore) to its 100% subsidiary 'Greaves Leasing Finance Limited', at an interest rate of 10% p.a. This loan is repayable with interest within 12 months or such extended period as may be agreed mutually. The borrower to use the loan for its working capital requirements.
 - Loan of ₹ 3 Crore granted during the previous year, was repaid along with interest.
 - During the year, the Company granted a loan of ₹ 20.64 Crore (net of recovery of ₹ 0.37 Crore) (previous year ₹ Nil) to its wholly owned subsidiary 'Ampere Vehicles Private Limited', at an interest rate of 10% p.a. This Loan is repayable with interest within 12 months or such extended period as may be agreed mutually. The borrower to use the loan for its working capital requirements.
 - During the year, the Company converted it's trade advance into loan of ₹ 31.95 Crore (previous year ₹ Nil) to 'Bestway Agencies Private Limited', a subsidiary of 'Ampere Vehicles Private Limited', at an interest rate of 10% p.a. This Loan is repayable with interest within 12 months or such extended period as may be agreed mutually. The borrower to use the loan for its working capital requirements.
- Also refer Note 31B

9. Other assets

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
9A Non-current		
Capital advances	7.78	6.99
Prepaid expenses	0.26	0.57
Balances with Customs, Port Trust, Central Excise etc.	13.24	13.16
Non-current total	21.28	20.72
9B Current		
Advances to suppliers	22.89	40.46
Prepaid expenses	1.79	1.70
Balances with Customs, Port Trust, Central Excise, GST etc.	7.21	6.05
Other advances (Gratuity)	-	3.06
Current total	31.89	51.27
Total	53.17	71.99

10. Inventories

Particulars	As at 31 st March 2021	As at 31 st March 2020
Inventories (lower of cost and net realisable value)		
Raw materials	85.33	73.80
Work-in-progress	5.70	8.12
Finished goods	35.46	53.43
Stock-in-trade	20.50	28.30
Stores and spares	4.72	4.22
Loose tools	3.12	3.31
Total	154.83	171.18

Notes to the Financial Statements

for the year ended 31st March 2021

10. Inventories (contd.)

(₹ in Crore)

1. Particulars	As at 31 st March 2021	As at 31 st March 2020
In transit Raw materials (Included above)	2.86	3.09
In transit Stock-in-trade (Included above)	3.27	4.98
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 cover letters of credit and bank guarantees up to ₹ 15.34 Crore (previous year ₹ 20.96 Crore) and ₹ 14.18 Crore (previous year ₹ 8.57 Crore) respectively.		

11. Trade receivables

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Trade receivables considered good - Secured*	91.95	67.22
Trade receivables considered good - Unsecured	111.04	171.63
Trade receivables - credit impaired	65.11	38.32
Allowance for doubtful debts (expected credit loss allowance)	(65.11)	(38.32)
Total	202.99	238.85

* Secured trade receivables are against letters of credit, bank guarantees and security deposits.

- Provision matrix
The Company has policy of provisioning. The Overdue debtors above 1 year are critically reviewed and necessary provisions between 50% to 100% is done.
- 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 cover letters of credit and bank guarantees up to ₹ 15.34 Crore (previous year ₹ 20.96 Crore) and ₹ 14.18 Crore (previous year ₹ 8.57 Crore) respectively.
- Also refer Note 31B

12. Cash and cash equivalents

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Cash on hand	-	0.01
Cheques, drafts on hand	1.70	-
Fixed deposit with maturity less than 3 months	155.00	135.00
Balances with banks		
In current accounts	13.83	19.32
Total	170.53	154.33

Also refer Note 31B

13. Bank balances other than cash and cash equivalents

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Term deposits with maturity exceeding 3 months and less than 12 months	101.89	30.00
Unpaid dividend accounts	3.39	3.90
Total	105.28	33.90

Also refer Note 31B

Notes to the Financial Statements

for the year ended 31st March 2021

14. Equity share capital

Particulars	(₹ in Crore)	
	As at 31 st March 2021	As at 31 st March 2020
Authorised		
37,50,00,000 Equity shares of ₹ 2 each	75.00	75.00
Issued, subscribed and fully paid up		
23,12,06,795 Equity shares of ₹ 2 each	46.24	46.24
(previous year 23,12,06,795 Equity shares of ₹ 2 each)		
	46.24	46.24

Particulars	(₹ in Crore)	
	No. of shares	
14A Fully paid equity shares		
As at 1 st April 2020	23,12,06,795	46.24
Less: Buyback of equity shares (Refer note 14D)	-	-
As at 31st March 2021	23,12,06,795	46.24

Particulars	As at 31 st March 2021		As at 31 st March 2020	
	Number of shares held in the Company	Percentage of shares held	Number of shares held in the Company	Percentage of shares held
14B Shares in the Company held by each shareholder holding more than 5% shares				
Fully paid equity shares				
DBH International Private Limited	-	-	9,87,64,252	42.72%
Bharat Starch Products Private Limited	-	-	1,37,75,865	5.96%
Karun Carpets Private Limited	12,86,14,955	55.63%	1,42,09,060	6.15%

14C Terms / Rights attached to equity shares

- The Company has only one class of equity shares having face value of ₹ 2 per share. The equity shares rank pari passu in all respects including voting rights and entitlement of dividend.
- 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.

14D During the previous year, the Company completed the Buyback of 1,30,00,000 Equity Shares as approved by the Board of Directors on 2nd May 2019. This resulted in total cash outflow of ₹ 227.50 Crore. In line with requirement of The Companies Act, 2013 an amount of ₹ 224.90 Crore was utilised from retained earnings. Further, Capital Redemption Reserves of ₹ 2.60 Crore (representing the nominal value of the shares bought back) is created as an appropriation from retained earnings. Consequent to such Buyback, share capital reduced by ₹ 2.60 Crore in previous year.

14E Dividend

On 4th May 2021, the Board of Directors has proposed final dividend of ₹ 0.20 per share on face value of ₹ 2 each (total dividend payout ₹ 4.62 Crore, (previous year ₹ Nil)). The proposed dividend is subject to approval of the shareholders in the ensuing Annual General Meeting.

Notes to the Financial Statements

for the year ended 31st March 2021

15. Other equity

(₹ in Crore)		
Particulars	As at 31 st March 2021	As at 31 st March 2020
Reserves and surplus		
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	2.60
Employee Stock option Plan (Refer note 15A)	1.78	0.35
Retained earnings*	468.22	456.90
Total	854.71	841.96

1. This is not available for distribution of dividend but can be utilised for issuing bonus shares.
2. Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Act.
3. 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

15A Employee Stock Option Plan

- A. During the year, the Company introduced and implemented 'Greaves Cotton- Employees Stock Option Plan 2020' (ESOP 2020), with following terms:
 - Create, grant, offer, issue and allot stock options at any time in one or more tranches to or for the benefit of such person(s) who are in the permanent employment of the Company, whether working in India or outside India, including Director of the Company, whether Whole-time Director or not, but excluding Promoter, Promoter group and Independent Directors and such other persons as may from time to time be allowed to be eligible.
 - Such number of stock options convertible into Equity Shares of the Company, in one or more tranches, not exceeding 2.00% of the paid-up share capital of the Company of the face value of ₹ 2/- each (Rupees Two) to the eligible employees of the Company, at such price or prices, and on such terms and conditions as may be fixed or determined by the Board.
 - The options would vest after 1 year but not later than 8 years from the date of individual grant as decided by the Committee.
 - Exercise Price is the par value of the Share payable by the eligible employee for the exercise of each option granted under the Scheme for the allotment of one share.
 - The Company will follow fair value method for computing the compensation cost, if any, for the options granted, in accordance with applicable Law.
- B. The scheme was approved by the Shareholders on 11th July 2020.
- II. During the current year, no grants were made under Greaves Cotton Employees Stock Option Plan 2019' ESOP 2019.

Notes to the Financial Statements

for the year ended 31st March 2021

15. Other equity (contd.)

III. The details of grants under the aforesaid scheme are summarised below;

Sr. No.	Particulars	As at 31 st March 2021	As at 31 st March 2020
		Greaves Cotton- Employees Stock Option Plan 2020 -ESOP-2020	Greaves Cotton- Employees Stock Option Plan 2019 -ESOP-2019
i.	Grant price	₹ 2	₹ 134.86
ii.	Grant date	Various dates	9 th Dec 2019
iii.	Options granted and outstanding at the beginning of the year	-	6,36,215
iv.	No. of options granted during the year	21,28,694	-
v.	No. of options arising as result of exercised of options	-	-
vi.	No. of options cancelled / forfeited	-	(6,36,215)
vii.	No. of options outstanding at the end of the year	21,28,694	-
viii.	No. of options exercisable	-	-
ix.	Maximum term of options granted	8 years from grant date	8 years from grant date
x.	Vesting Period / Schedule	25% at each anniversary from grant date	
xi.	Weighted average remaining contractual life of options (in years)	8 years	
xii.	Weighted average share price at the date of exercise of stock options exercised during the year	NA	NA

IV. 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 ₹ 82.21 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 2020-21 is ₹ 1.43 Crore (net).

C. The perquisite amount on exercise of employee stock options will be considered as a part of the remuneration of the Executive Directors.

Executive Directors may be granted stock options in subsidiary companies as per their Schemes and after taking necessary approvals. Perquisites may be added to the remuneration of concerned directors and considered in the limits applicable to the Company.

V. 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	2020-21
i.	Weighted average risk-free interest rate	5.94%
ii.	Weighted average expected life of options	6.5 years
iii.	Weighted average expected volatility	71.68%
iv.	Weighted average expected dividends over the life of the option	₹ 4 per option
v.	Weighted average exercise price	₹ 2 per share

Notes to the Financial Statements

for the year ended 31st March 2021

16. Other financial liabilities

(₹ in Crore)		
Particulars	As at 31 st March 2021	As at 31 st March 2020
Current		
Employee benefits payable	6.68	19.28
Other payable to subsidiary (Refer note 34)	0.32	-
Unpaid dividends*	3.39	3.90
Deposits from dealers	8.94	6.12
Capital creditors	4.82	9.97
Others	1.62	0.71
Derivative financial instruments	-	@
Total	25.77	39.98

*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

Also refer Note 31B

17. Provisions

(₹ in Crore)		
Particulars	As at 31 st March 2021	As at 31 st March 2020
17A Non-current		
Provision for employee benefits		
Ex-gratia	0.23	0.48
Non-current total	0.23	0.48
17B Current		
Provision for employee benefits		
Compensated absences	10.73	9.02
Gratuity & Ex-gratia	1.16	0.40
Provision for warranty	12.79	11.14
Current total	24.68	20.56
Total	24.91	21.04

Movement in provision for warranty

(₹ in Crore)		
Particulars	As at 31 st March 2021	As at 31 st March 2020
Opening balance	11.14	9.65
Provision recognised during the year	8.66	8.65
Amount utilised during the year	(7.01)	(7.16)
Closing balance	12.79	11.14

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 to sixty months.

Notes to the Financial Statements

for the year ended 31st March 2021

18. Deferred tax

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
18A Analysis of deferred tax liabilities presented in the balance sheet:		
Deferred tax assets	27.97	21.13
Deferred tax liabilities	(9.48)	(14.04)
Deferred tax assets / (liabilities) (net)	18.49	7.09

(₹ in Crore)

Particulars	Opening balance	Recognised in profit or loss	Closing balance
18B Movement in deferred taxes:			
During the year ended 31st March 2021			
Deferred tax asset/(liability) in relation to:			
Depreciation	(14.04)	4.56	(9.48)
Provision for post retirement benefits and other employee benefits	2.49	0.33	2.82
Allowance for doubtful debts and advances	9.64	6.74	16.38
Other temporary differences	9.00	(0.23)	8.77
Total	7.09	11.40	18.49

(₹ in Crore)

Particulars	Opening balance	Recognised in profit or loss	Closing balance
During the year ended 31st March 2020			
Deferred tax asset/(liability) in relation to:			
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
Total	(7.00)	14.09	7.09

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
18C Unrecognised deductible timing differences, unused tax losses and unused tax credits		
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
- tax losses (capital in nature)	-	-
Total	-	-

Notes to the Financial Statements

for the year ended 31st March 2021

18. Deferred tax (Contd.)

(₹ in Crore)		
Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
18D The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax	18.47	196.67
Income tax expenses calculated at 25.168% (previous year 25.168%)	4.65	49.50
Differences due to:		
Tax on income at different rates	-	13.30
Effect of concessions (Long term capital loss set off)	-	(11.43)
Effect on deferred tax balances due to change in income tax rate	-	(5.66)
Others	3.46	3.45
Total tax expense	8.11	49.16

19. Trade payables

(₹ in Crore)		
Particulars	As at 31 st March 2021	As at 31 st March 2020
Trade payables		
Due to micro enterprises and small enterprises*	32.20	30.37
Other than micro enterprises and small enterprises	285.34	248.70
Total	317.54	279.07

Also refer Note 31B

* 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)		
Particulars	As at 31 st March 2021	As at 31 st March 2020
Principal amount and interest due:		
Principal amount	32.20	30.37
Interest due	1.68	0.76
Interest paid by buyer in terms of section 16 of MSMED Act	-	-
Amount paid beyond the appointed day	100.47	28.66
Interest due and payable to supplier, for payment already made under MSMED Act	0.99	0.31
Amount of Interest accrued and remaining unpaid at the end of each accounting year	0.92	0.05
Amount of further interest remaining due and payable even in succeeding years	1.68	0.76

20. Other liabilities

(₹ in Crore)		
Particulars	As at 31 st March 2021	As at 31 st March 2020
20A Non-current		
Advances from customers	20.42	24.05
Non-current total	20.42	24.05
20B Current		
Advances from customers	9.94	7.52
Statutory dues	11.59	8.47
Other payables	1.01	1.01
Current total	22.54	17.00
Total	42.96	41.05

Notes to the Financial Statements

for the year ended 31st March 2021

21. Revenue from operations

(₹ in Crore)		
Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Sale of products		
(i) Finished goods	1,195.59	1,622.39
(ii) Stock-in trade	120.76	190.66
Sub total	1,316.35	1,813.05
Service income	5.53	5.45
Other operating revenue		
(i) Export incentive	1.79	1.86
(ii) Development cost recovered (Net)	3.04	-
(iii) Others	2.35	0.75
Total	1,329.06	1,821.11

Company derives its revenue from sale of engines, power generating sets, farm equipment etc. 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 1st April 2018, the Company 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 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 (Also refer Note No. 32A & 32D). 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 31st March 2021

22. Other income

(₹ in Crore)

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Interest income earned on financial assets not designated as at FVTPL		
Deposits	5.43	8.10
Other financial assets	0.20	0.11
Loan given to subsidiaries (Also refer Note 34)	2.44	0.05
Fair value gain		
Investments measured at FVTPL	-	(50.80)
Profit on sale of investments (Net)	-	55.58
Exchange fluctuation- gain (Net)	0.19	1.31
Scrap sales	1.14	1.95
Miscellaneous income	0.64	3.54
Total	10.04	19.84

23. Cost of materials consumed

(₹ in Crore)

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Raw materials consumed		
Opening stock	73.80	44.54
Purchases	829.27	1,146.38
Less : Closing stock	85.33	73.80
	817.74	1,117.12

24. Purchases of stock-in-trade

(₹ in Crore)

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Traded goods	95.44	158.47

25. Changes in inventories of finished goods, stock-in-trade and work-in-progress

(₹ in Crore)

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Opening inventories		
Finished goods	53.43	34.62
Work-in-progress	8.12	7.46
Stock-in-trade	28.30	21.33
	89.85	63.41
Closing inventories		
Finished goods	35.46	53.43
Work-in-progress	5.70	8.12
Stock-in-trade	20.50	28.30
	61.66	89.85
Net (increase) / decrease in inventories	28.19	(26.44)

Notes to the Financial Statements

for the year ended 31st March 2021

26. Employee benefits expense

Particulars	(₹ in Crore)	
	Year ended 31 st March 2021	Year ended 31 st March 2020
Salaries and wages	114.74	142.32
Contribution to provident funds and other funds	12.07	13.86
Staff welfare expenses	6.27	10.41
Sub total	133.08	166.59
Less: Capitalised towards product development	5.99	8.55
Total	127.09	158.04

Employee benefit plans

26A Defined contribution plans

The amount recognised as an expense during the year ended 31st March 2021 towards Provident Fund (including admin charges), ESIC contribution and Superannuation & National Pension Scheme is ₹ 5.46 crore (previous year ₹ 6.74 crore), ₹ 0.06 crore (previous year ₹ 0.06 crore) and ₹ 4.34 crore (previous year ₹ 4.77 crore) respectively.

26B Defined benefit plans

The Company has a defined benefit plan (the 'Gratuity Plan') which is managed by the 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 st March 2021 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.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	(₹ in Crore)			
	Valuation as at			
	As at 31 st March 2021		As at 31 st March 2020	
Discount rate(s)	6.55%		6.25%	
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	0.000874
	23	0.000936	23	0.000936
	28	0.000942	28	0.000942
	33	0.001086	33	0.001086
	38	0.001453	38	0.001453
	43	0.002144	43	0.002144
	48	0.003536	48	0.003536
	53	0.006174	53	0.006174
	58	0.009651	58	0.009651

Notes to the Financial Statements

for the year ended 31st March 2021

26. Employee benefits expense (Contd.)

Amounts recognised in the Statement of profit and loss in respect of these defined benefit plans are as follows:

(₹ in Crore)		
Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Service cost:		
Current service cost	2.40	2.36
Interest on net defined benefit asset	(0.19)	(0.08)
Components of defined benefit costs recognised in profit or loss during the year	2.21	2.28
Opening amount recognised in other comprehensive income:	(3.41)	(1.48)
Re-measurement during the year due to:		
Changes in financial assumptions	(0.32)	1.43
Changes in demographic assumptions	0.26	(0.70)
Experience adjustments	(1.20)	(0.93)
Actual return on plan assets less interest on plan assets	(0.03)	(1.73)
Closing amount recognised in other comprehensive income :	(4.70)	(3.41)
Components of defined benefit (income) / cost recognised in other comprehensive income during the year	(1.29)	(1.93)

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)		
Particulars	As at 31 st March 2021	As at 31 st March 2020
Present value of funded defined benefit obligation	17.75	31.50
Fair value of plan assets	16.83	34.56
Funded status	0.92	(3.06)
Net (asset)/liability arising from defined benefit obligation	0.92	(3.06)

Movements in the present value of the defined benefit obligation are as follows:

(₹ in Crore)		
Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Opening defined benefit obligation	31.50	34.01
Current service cost	2.40	2.36
Interest on defined benefit obligation	1.73	2.25
Re-measurement due to:		
Actuarial (gains) / losses arising from changes in financial assumptions	(0.32)	1.43
Actuarial (gains) / losses arising from changes in demographic assumptions	0.26	(0.70)
Actuarial (gains) / losses arising from experience changes	(1.20)	(0.93)
Benefits paid	(16.62)	(6.92)
Closing defined benefit obligation	17.75	31.50

Notes to the Financial Statements

for the year ended 31st March 2021

26. Employee benefits expense (Contd.)

Movements in the fair value of the plan assets are as follows:

Particulars	(₹ in Crore)	
	Year ended 31 st March 2021	Year ended 31 st March 2020
Opening fair value of plan assets	34.56	34.29
Interest income	1.92	2.33
Re-measurement gain / (loss):		
Return on plan assets (excluding amounts included in net interest expense)	0.03	0.94
Contributions from the employer	(3.06)	3.92
Benefits paid	(16.62)	(6.92)
Closing fair value of plan assets	16.83	34.56

The fair value of the plan assets at the end of the reporting period for each category, are as follows:

Particulars	(₹ in Crore)	
	Fair Value of plan asset as at	
	31 st March 2021	31 st March 2020
Cash and cash equivalents	0.15	0.04
Non quoted value :		
Insurer managed fund	16.68	34.52
Total	16.83	34.56

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.

Particulars	(₹ in Crore)	
	Year ended 31 st March 2021	Year ended 31 st March 2020
	Discount rate	Salary escalation rate
Impact of increase in 50 bps on DBO	(0.50)	0.51
Impact of decrease in 50 bps on DBO	0.53	(0.49)

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The average duration of the benefit obligation at 31st March 2021 is 9.36 years, (as at 31st March 2020: 11.05 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 :

Maturity profile	(₹ in Crore)	
	2020-2021	2019-2020
Expected benefits for year 1 to 3	8.75	18.95
Expected benefits for year 4 and 5	3.08	8.88
Expected benefits for year 6 and above	16.81	14.07

Notes to the Financial Statements

for the year ended 31st March 2021

27. Finance costs

(₹ in Crore)

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Interest expenses	4.37	2.41
Other borrowing costs	1.26	1.43
Total	5.63	3.84

28. Depreciation and amortisation expense

(₹ in Crore)

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Depreciation of property, plant and equipment (Note 4)	29.67	32.95
Depreciation of right-of-use assets (Note 4)	4.68	4.85
Depreciation of investment property (Note 5)	-	0.06
Amortisation of intangible assets (Note 6)	14.06	14.31
Total	48.41	52.17

29. Other expenses

(₹ in Crore)

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Stores and spares consumed	5.40	7.24
Power, fuel and electricity	9.74	13.50
Contracting expenses	28.83	30.19
Repairs and maintenance:		
Buildings	0.72	0.40
Plant & equipment	3.30	3.73
Others	2.03	2.12
Brokerage and commission	3.10	2.45
Rent	3.00	4.12
Lease rentals	0.61	1.50
Insurance	2.85	2.62
Bad debts / advances written-off	1.01	-
Allowance for doubtful debts / advances	26.79	16.68
Rates and taxes	0.75	1.09
Advertisement and sales promotion expenses	8.46	8.45
Travelling	2.93	10.71
Loss on sale of property, plant and equipment (Net)	0.05	0.27
Carriage and freight	20.78	21.63
Director sitting fees	0.25	0.13
Printing & stationery	0.14	0.65
Postage, telephone and fax	1.54	2.55
Warranty expenses	8.66	8.65
Legal, professional and consultancy charges	7.48	12.65
Assets under development written off	1.03	3.93
Miscellaneous expenses	24.22	30.53
Total	163.67	185.79

Notes to the Financial Statements

for the year ended 31st March 2021

29. Other expenses (Contd.)

(₹ in Crore)		
Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
29A Miscellaneous expenses include:		
Auditors' remuneration and expenses		
Statutory audit fees	0.54	0.51
Limited review	0.25	0.23
Fees for certification	0.08	0.10
Reimbursement of out-of-pocket expenses	0.02	0.01
Payments to tax auditors		
Tax audit fees	0.09	0.09
Payments to cost auditors		
Cost audit fees	0.08	0.08
29B Expenditure incurred on corporate social responsibility activities :		
(1) Gross amount required to be spent by the company during the year	3.96	4.52
(2) Amount spent during the year on :		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above*	3.96	4.62

*Includes amount of ₹ 0.71 Crore transferred to 'Unspent CSR Account' as on 30th April 2021, which is related to ongoing projects.

30. Exceptional items

(₹ in Crore)		
Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
(i) Profit on sale of immovable property	8.40	10.76
(ii) Impairment loss of PPE and Intangible assets under development	(17.40)	-
(iii) Employee separation cost	(25.46)	(6.05)
Exceptional items (net)	(34.46)	4.71

31. Risk management

31A 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.

31B Financial instruments :

The Significant Accounting Policies in respect of each class of financial asset, financial liability and equity instrument including criteria for their recognition, the basis of measurement are as disclosed in Note No. 8, 11, 12, 13, 16 & 19 to the financial statements. These Notes also mention the basis on which the income & expenses are recognised.

(₹ in Crore)		
Particulars	As at 31 st March 2021	As at 31 st March 2020
Financial assets		
Measured at amortised cost *		
Cash and bank balances	275.81	188.23
Trade receivable	202.99	238.85
Security deposits	12.66	15.45

Notes to the Financial Statements

for the year ended 31st March 2021

31. Risk management (Contd.)

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Margin money with Banks	2.30	2.22
Loan to subsidiaries	53.34	3.00
Interest receivable from subsidiaries	1.97	0.05
Others	4.21	11.55
Financial liabilities		
Measured at Fair value through profit or loss (FVTPL)		
Derivative financial instruments	-	@
Measured at amortised cost *		
Trade payable	317.54	279.07
Unpaid dividends	3.39	3.90
Deposits from dealers	8.94	6.12
Capital creditors	4.82	9.97
Others	1.94	0.71
Employee benefits payable	6.68	19.28
Lease liability (Refer note 39)	12.81	17.83

* The Management considers carrying amount of financial assets and financial liabilities in the financial statements as approximate fair values of respective financial assets and liabilities.

@ Represents amount less than ₹ 1 lakh

31C Financial and liquidity risk management objectives :

- The Company has a very conservative policy on investing surplus funds. The investments are in fixed deposits with banks.
- 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.
- 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 six parties have more than 5% of the total outstanding amount and two of them are fully secured by letter of credit.
- Of the total outstanding as at reporting date, 45.3% 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.
- The products of the Company under engine segment include application of engines in farm equipment and gensets. The products under Electric mobility segment includes trading of electric vehicles and its spares. The products under other segment include products traded by International Business, Greaves Care and After Market Business.

31D Foreign currency risk management :

The use of foreign currency forward contracts is governed by 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.

Notes to the Financial Statements

for the year ended 31st March 2021

31. Risk management (Contd.)

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)

Particulars	Assets		Liabilities	
	As at 31 st March 2021	As at 31 st March 2020	As at 31 st March 2021	As at 31 st March 2020
USD	7.26	6.89	1.71	0.75
EUR	0.46	0.26	2.23	1.66
GBP	-	-	0.99	0.07
CNY	-	-	6.41	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.

31E Credit risk management :

The Company has credit policy for its trade receivables. To minimise the risk, the 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.

31F Fair value measurements :

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 assets 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 st March 2021	As at 31 st March 2020		
Financial liabilities				
Derivative financial instruments	-	@	Level 2	Discounted Cash Flows used by Banks for Mark to Market

@ Represents amount less than ₹ 1 lakh

32. Segment information

In accordance with Ind AS 108 'Operating Segments', segment information has been given in the consolidated financial statements of the Company and therefore, no separate disclosure on segment information is given in standalone financial statements.

33. Earnings per share

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Profit for the year	10.36	147.51
Weighted average number of equity shares outstanding	23,12,06,795	23,93,40,675
Basic earnings per share	0.45	6.16
Weighted average number of equity shares outstanding	23,12,06,795	23,93,40,675
Add: Weighted average number of potential equity shares on account of Employee stock options	8,38,241	-
Weighted average number of equity shares outstanding for the purpose of diluted earnings per share	23,20,45,036	23,93,40,675
Diluted earnings per share	0.45	6.16

Notes to the Financial Statements

for the year ended 31st March 2021

34. Related party transactions

I. List of related parties :

34A Holding Company :

Karun Carpets Private Limited

34B Subsidiary companies :

Ampere Vehicles Private Limited

Bestway Agencies Private Limited (From 14th July 2020)

Dee Greaves Limited

Greaves Leasing Finance Limited

34C Promoter and the promoter group companies, where company has transactions during the year :

Mr Karan Thapar, Chairman

EICL Limited

Premium Transmission Private Limited

34D Key management personnel :

Mr Nagesh A Basavanhalli

Mr Ajit Venkataraman

Mr Mohanan Manikram

Mrs Neetu Kashiramka

Mr Amit Mittal

Mr Dalpat Raj Jain

Managing Director & CEO upto 13th August 2020 and

Managing Director & Group CEO from 5th November 2020

Executive Director from 14th August 2020

Executive Director till 5th November 2020

Chief Financial Officer till 6th April 2020

Chief Financial Officer from 27th April 2020 till 5th November 2020

Group Chief Financial Officer from 10th February 2021

II. Transactions with related parties:

34E Transactions with related parties :

The following transactions occurred with the related parties:

Particulars	(₹ in Crore)	
	Year ended 31 st March 2021	Year ended 31 st March 2020
Sales and purchases of goods and services		
Sale of goods		
Subsidiaries		
Bestway Agencies Private Limited	4.40	-
Purchase of Goods		
Subsidiaries		
Bestway Agencies Private Limited	0.67	-
Promoter group company		
Premium Transmission Private Limited	0.14	-
Rendering of services/Reimbursement of expenses		
Subsidiaries		
Ampere Vehicles Private Limited	0.73	4.93
Bestway Agencies Private Limited	0.46	-
Dee Greaves Limited	@	@
Greaves Leasing Finance Limited	0.01	0.02
Promoter group company		
Premium Transmission Private Limited	0.01	0.02
Other transactions		
Commission and sitting fees paid		
Mr Karan Thapar	0.62	1.43

Notes to the Financial Statements

for the year ended 31st March 2021

34. Related party transactions (Contd.)

Particulars	(₹ in Crore)	
	Year ended 31 st March 2021	Year ended 31 st March 2020
Consultancy Charges		
Mr Nagesh Basavanhalli	0.25	-
Lease rent expenses paid to subsidiaries		
Greaves Leasing Finance Limited	0.28	0.28
Lease rent expenses paid to Promoter group company		
EICL Limited	-	0.10
Premium Transmission Private Limited	0.06	0.04
Interest Income from subsidiaries		
Ampere Vehicles Private Limited	1.29	-
Bestway Agencies Private Limited	1.05	-
Greaves Leasing Finance Limited	0.10	0.05
Investment in subsidiary		
Ampere Vehicles Private Limited	-	21.00
Loan given to Subsidiaries		
Ampere Vehicles Private Limited	20.64	-
Bestway Agencies Private Limited	31.95	-
Greaves Leasing Finance Limited	0.75	3.00

@ Represents amount less than ₹ 1 lakh

The following balances were outstanding as at end of the reporting period :

Particulars	(₹ in Crore)			
	Amounts owed by related parties		Amounts owed to related parties	
	As at 31 st March 2021	As at 31 st March 2020	As at 31 st March 2021	As at 31 st March 2020
Subsidiary companies	58.26	11.15	-	-
Promoter group companies	-	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).

34F Compensation of key management personnel :

The remuneration of directors and other members of the key management personnel during the year were as follows:

Particulars	(₹ in Crore)	
	Year ended 31 st March 2021	Year ended 31 st March 2020
Short-term employee benefits	7.24	8.28
Post-employment benefits	0.25	0.23
Total	7.49	8.51

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 options granted to key management personnel during the year is 17,02,955 (Also refer note 15A).

Notes to the Financial Statements

for the year ended 31st March 2021

35. Managerial remuneration

The managerial remuneration paid / payable to the Managing Director and the Executive Directors of the Company is ₹ 6.43 Crore for the financial year which exceeds the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013 by ₹ 3.49 Crore. As per the provisions of the Act, the excess remuneration is subject to approval of the shareholders which the Company proposes to obtain in the forthcoming Annual General Meeting. The excess amount is determined as per Schedule V to the Companies Act, 2013.

36. Contingent liabilities

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
a) Sales tax liability that may arise in respect of matters in appeal	35.07	36.48
b) Sales tax liability that may arise on account of uncollected 'C' Forms	0.55	0.58
c) Excise duty liability that may arise in respect of matters in appeal	25.89	25.89
d) Claims made against the company, not acknowledged as debts	33.97	29.13
e) Wage demand not acknowledged by the company in respect of matter in appeal	5.98	3.18

- 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.

37. Commitments

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	23.78	40.86

38. Expenditure on research and development

(₹ in Crore)

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
(a) Revenue expenditure charged to Statement of profit and loss (Under Note Nos. 23, 26 & 29)	19.48	20.57
(b) Capital expenditure	4.04	7.29
Total	23.52	27.86

39. Leases

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%.

On application of Ind AS 116, the nature of expenses has changed from lease rent to depreciation cost for the right-of-use assets, and finance cost for interest accrued on lease liability.

Notes to the Financial Statements

for the year ended 31st March 2021

39. Leases (Contd.)

Disclosure as per the requirement of Ind AS 116

Amounts recognised in the Balance Sheet

The Balance Sheet shows the following amounts relating to leases:

Particulars	(₹ in Crore)	
	As at 31 st March 2021	As at 31 st March 2020
Right-of-use assets	28.79	33.19
Lease liabilities		
Non-current	7.58	11.42
Current	3.87	3.95

Amounts recognised in the Statement of profit and loss

The Statement of profit or loss shows the following amounts relating to leases:

Particulars	(₹ in Crore)	
	As at 31 st March 2021	As at 31 st March 2020
Depreciation charge on right-of-use assets	4.68	4.85
Interest expense (included in finance costs)	1.12	1.43
Expense relating to short term leases not included in lease liabilities	0.11	1.07

The total cash outflow towards leases for the year ended 31st March 2021 was ₹ 5.32 Crore (previous year ₹ 5.30 Crore)

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March 2021 on an undiscounted basis:

Particulars	(₹ in Crore)	
	As at 31 st March 2021	As at 31 st March 2020
Not later than 1 year	4.66	5.05
Later than 1 year and not later than 5 years	8.15	12.78
Later than 5 years	-	-
Total undiscounted lease liabilities	12.81	17.83

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 those 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.

As per our report of even date attached

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

Mukesh Jain
Partner

Dalpat Jain
Group Chief Financial Officer

Atindra Basu
Company Secretary & Head Legal

Mumbai, 4th May 2021

For and on behalf of the Board

Kewal Handa
Director
DIN : 00056826

Nagesh Basavanhalli
Managing Director & Group CEO
DIN : 01886313

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)

	Financial Year ended 31 st March 2021			
	Greaves Leasing Finance Limited	Dee Greaves Limited	Ampere Vehicles Private Limited	Bestway Agencies Private Limited
Date of Acquisition	Since inception	Since inception	From 23 rd Oct 2018	From 14 th Jul 2020
A) Share Capital	0.25	0.13	11.72	0.02
B) Reserves/ Surplus in profit & loss	3.45	0.08	(7.43)	(22.09)
C) Total Assets	4.92	0.22	80.66	29.41
D) Total Liabilities	1.22	0.01	76.37	51.49
E) Investments (as per details attached)	0.32	0.19	6.76	0.00
F) Turnover (including other income)	0.41	0.01	136.32	40.72
G) Profit/ (Loss) before taxation	(0.86)	@	(23.10)	(1.11)
H) Provision for taxation	-	-	(1.48)	0.17
I) Profit/ (Loss) after taxation	(0.86)	@	(21.62)	(1.28)
J) Proposed Dividend	-	-	-	-
K) Extent of shareholding	100%	100%	100%	100%

@ Represents amount less than ₹ 1 lakh

Part "B" : Associates and Joint Ventures

Not Applicable

For and on behalf of the Board

Kewal Handa

Director

DIN : 00056826

Dalpat Jain

Group Chief Financial Officer

Atindra Basu

Company Secretary & Head Legal

Nagesh Basavanhalli

Managing Director & Group CEO

DIN : 01886313

Mumbai, 4th May 2021

Information on Subsidiary Companies

Details of investment of subsidiaries as at 31st March 2021

(₹ in Crore)

	As at 31 st March 2021		As at 31 st March 2020	
	Nos.	Amount	Nos.	Amount
Investments in subsidiaries (Unquoted)				
Dee Greaves Limited of ₹ 10/- each	133851	0.01	133851	0.01
Bestway Agencies Private Limited	1110	6.76	-	-
Sub Total		6.77		0.01
Investments in equity shares (Quoted)				
Fair value through profit or loss				
ABB Limited	1	0.00	1	0.00
Ashok Leyland Limited	20	0.00	20	0.00
Bajaj Auto Limited	20	0.01	20	0.00
Bajaj Finance Services Limited	10	0.01	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	0.01	45	0.00
Mahindra & Mahindra Limited	132	0.01	132	0.00
Maruti Suzuki India Limited	1	0.00	1	0.00
Shanthi 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
Investments in equity shares (Unquoted)				
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
Sub Total		0.06		0.03
Total		6.82		0.04
Aggregate amount of unquoted investments		0.01		0.01
Aggregate amount of quoted investments and market value thereof		0.06		0.03

Details of investment of subsidiaries as at 31st March 2021

(₹ in Crore)

	As at 31 st March 2021		As at 31 st March 2020	
	Nos.	Amount	Nos.	Amount
Current Investments				
Greaves Leasing Finance Limited				
Investments in Mutual Funds (Unquoted)				
Fair value through profit or loss				
Kotak Savings Fund Growth & Investment Mark UP	75,104	0.25	8,09,407	2.60
Sub Total		0.25		2.60
Dee Greaves Limited				
Investments in Mutual Funds (Unquoted)				
Fair value through profit or loss				
ICICI Prudential Money Market Fund- Regular Plan - Daily Dividend	19,301	0.19	19,806	0.20
Sub Total		0.19		0.20

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 31st March 2021, 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 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 31st March 2021, and their consolidated loss, their consolidated total comprehensive loss, 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) 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.

Key Audit Matter	Auditor's Response
Assessment of Impairment of Goodwill and Other Intangible asset The Group has goodwill and other intangible assets aggregating to ₹ 94.74 crore acquired as part of business combination for E-mobility business, which includes Process know-how, Brand and Non- compete fees etc. 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. (Refer note 3.1(e) to the consolidated financial statements)	Principal Audit Procedures performed <ul style="list-style-type: none"> Evaluated the design and tested the operating effectiveness of internal controls over management's goodwill and intangible assets impairment evaluation. Evaluated the objectivity and independence of the specialist engaged by the Company and reviewed the valuation report issued by such specialist for enterprise value; 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; Compared the Company's assumptions with comparable benchmarks in relation to key inputs such as long-term growth rates and discount rates;

Key Audit Matter	Auditor's Response
	<ul style="list-style-type: none"> Assessed the appropriateness of the forecasted projections of Revenue and EBITDA within the budgeted period based on understanding of the business and sector experience; Performed a sensitivity analysis in relation to weighted average cost of capital; Evaluated the management's assessment of the useful lives for other intangible assets based on the current projections and business plan; and Assessed the adequacy of the disclosures made in the financial statements.

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 auditors 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 cash flows and consolidated changes in equity of the Group in accordance with the Ind AS 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 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 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 respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to 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 judgment 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. We are responsible for the direction, supervision and performance of the audit of financial information of the parent entity and one subsidiary included in the Annual Consolidated Financial Results of which we are the independent auditors. For entities included in the consolidated financial statements, which have been audited by 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

We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets of ₹ 34.55 crores as at 31st March, 2021, total revenues of ₹ 40.92 crores and net cash outflows amounting to ₹ 1.73 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

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 Company as on 31st March, 2021 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 31st March, 2021 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, we draw attention to Note 36 to the consolidated financial statements regarding excess managerial remuneration paid / payable to the Managing Director and Executive Directors of the Parent amounting to ₹ 3.49 crore for the year ended March 31, 2021 in terms of the prescribed limits under Section 197 read with Schedule V to the Act, is subject to approval of the shareholders which the Parent proposes to obtain in the forthcoming Annual General Meeting.

Our opinion is not modified in respect to this matter.

- 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)

Mukesh Jain

(Partner)

(Membership No. 108262)

(UDIN: 21108262AAAAIN6950)

Place: Mumbai

Date: 4th May, 2021

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, 2021, we have audited the internal financial controls over financial reporting of Greaves Cotton Limited (hereinafter referred to as “Parent”) and its subsidiary companies, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the 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 2021, 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 three subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For **Deloitte Haskins and Sells LLP**

Chartered Accountants

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

Mukesh Jain

(Partner)

(Membership No. 108262)

(UDIN: 21108262AAAAIN6950)

Place: Mumbai

Date: 4th May, 2021

Consolidated Balance Sheet

as at 31st March 2021

		(₹ in Crore)	
	Note No.	As at 31 st March 2021	As at 31 st March 2020
ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	4	199.86	227.77
(b) Capital work- in- progress		24.14	12.08
(c) Right-of-use assets	4 & 40	33.51	36.07
(d) Goodwill		49.04	31.44
(e) Investment properties	5	-	-
(f) Intangible assets	6	89.81	85.20
(g) Intangible assets under development		50.81	56.49
(h) Financial assets			
(i) Investments			
Other investments	7A	0.06	0.03
(iii) Other financial assets	8A	9.04	8.94
(i) Income tax assets (Net)		31.76	29.91
(j) Deferred tax assets (Net)	19A	23.37	9.66
(k) Other non- current assets	9A	55.81	37.07
Total non-current assets		567.21	534.66
2 Current assets			
(a) Inventories	10	174.72	194.43
(b) Financial assets			
(i) Other investments	7B	0.45	2.80
(ii) Trade receivables	11	208.95	254.99
(iii) Cash and cash equivalents	12	175.06	155.79
(iv) Bank balances other than (iii) above	13	105.28	33.90
(v) Other financial assets	8B	13.78	15.00
(c) Other current assets	9B	44.99	57.07
Total current assets		723.23	713.98
Total Assets		1,290.44	1,248.64
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	14	46.24	46.24
(b) Other equity	15	736.27	752.51
Total Equity		782.51	798.75
LIABILITIES			
1 Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	40	10.82	14.46
(ii) Other financial liabilities	17A	0.34	0.37
(b) Provisions	18A	1.55	1.34
(c) Deferred tax liabilities (Net)	19A	10.72	9.01
(d) Other non- current liabilities	21A	21.53	24.48
Total non-current liabilities		44.96	49.66
2 Current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	3.57	9.57
(ii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	20	35.31	31.15
- Total outstanding dues of creditor's other than micro enterprises and small enterprises	20	321.12	267.50
(iii) Lease liabilities	40	5.86	3.95
(iv) Other financial liabilities	17B	33.54	39.98
(b) Provisions	18B	31.69	24.67
(c) Income tax liabilities (Net)		5.26	5.26
(d) Other current liabilities	21B	26.62	18.15
Total current liabilities		462.97	400.23
Total Equity and Liabilities		1,290.44	1,248.64
Notes forming part of the financial statements	1-42		

As per our report of even date attached

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

Mukesh Jain
Partner

Dalpat Jain
Group Chief Financial Officer

Atindra Basu
Company Secretary & Head Legal

Mumbai, 4th May 2021

For and on behalf of the Board

Kewal Handa
Director
DIN : 00056826

Nagesh Basavanhalli
Managing Director & Group CEO
DIN : 01886313

Consolidated Statement of Profit and Loss

for the year ended 31st March 2021

		(₹ in Crore)	
	Note No.	Year ended 31 st March 2021	Year ended 31 st March 2020
I Revenue from operations	22	1,500.40	1,910.96
II Other income	23	8.33	20.16
III Total income (I + II)		1,508.73	1,931.12
IV Expenses			
Cost of materials consumed	24	954.07	1,188.60
Purchases of stock-in-trade	25	94.80	158.47
Changes in inventories of finished goods, stock-in-trade and work-in-progress	26	31.02	(29.51)
Employee benefits expense	27	141.86	172.61
Finance costs	28	6.93	5.07
Depreciation and amortisation expense	29	60.43	60.94
Other expenses	30	198.95	210.66
Total expenses		1,488.06	1,766.84
V Profit before exceptional items and tax		20.67	164.28
VI Exceptional items : Income /(Expense)	31	(34.46)	4.71
VII Profit/(Loss) before tax		(13.79)	168.99
VIII Tax expense	19E		
Current tax		19.51	63.26
Deferred tax (credit) / charge		(14.52)	(21.54)
Total tax expenses		4.99	41.72
IX Profit/(Loss) for the year after tax (VII - VIII)		(18.78)	127.27
X Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans : Gain		1.31	1.61
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.33)	(0.41)
Other comprehensive income for the year		0.98	1.20
XI Total Comprehensive Income/ (Loss) for the year (IX + X)		(17.80)	128.47
XII Profit/(Loss) for the year attributable to:			
- Owners of the Company		(18.78)	129.17
- Non Controlling Interest		-	(1.90)
XIII Other Comprehensive income for the year			
- Owners of the Company		0.98	1.20
- Non Controlling Interest		-	-
XIV Total Comprehensive Income/ (Loss) attributable to:			
- Owners of the Company		(17.80)	130.37
- Non Controlling Interest		-	(1.90)
XV Earnings per equity share of ₹ 2 each :			
Basic	34	(0.81)	5.40
Diluted	34	(0.81)	5.40
Notes forming part of the financial statements	1-42		

As per our report of even date attached

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

Mukesh Jain
Partner

Dalpat Jain
Group Chief Financial Officer

Atindra Basu
Company Secretary & Head Legal

Mumbai, 4th May 2021

For and on behalf of the Board

Kewal Handa
Director
DIN : 00056826

Nagesh Basavanhalli
Managing Director & Group CEO
DIN : 01886313

Statement of Changes in Equity

for the year ended 31st March 2021

(₹ in Crore)											
A	Equity share capital										
	Balance as at 1 st April 2019	48.84									
	Buyback of Equity Shares (Refer note 14D)	(2.60)									
	Balance as at 31 st March 2020	46.24									
	Balance as at 31 st March 2021	46.24									
(₹ in Crore)											
	Capital reserve	Capital reserve on consolidation	Securities premium	General reserve	Statutory reserve	Capital redemption reserve	Employee share options	Retained earnings	Attributable to the owners	Non controlling interest	Total
B	Other equity										
	Balance as at 1 st April 2019	1.34	0.14	34.59	345.17	5.49	-	533.55	920.28	13.71	933.99
	Profit for the year	-	-	-	-	-	-	129.17	129.17	(1.90)	127.27
	Other comprehensive income (net of tax)	-	-	-	-	-	-	1.20	1.20	-	1.20
	Total comprehensive income for the year	-	-	-	-	-	-	130.37	130.37	(1.90)	128.47
	Acquisitions of balance stake in subsidiary*	-	-	-	-	-	-	(70.69)	(70.69)	(11.81)	(82.50)
	Buyback of equity shares (Refer note 14D)	-	-	-	-	-	-	(224.90)	(224.90)	-	(224.90)
	Amount transferred to Capital redemption reserve on Buyback of equity shares (Refer note 14D)	-	-	-	-	-	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	-	-	-	-	-	-	(0.61)	(0.61)	-	(0.61)
	Employee Stock Option Plan (Refer note 15A)	-	-	-	-	-	0.35	-	0.35	-	0.35
	Balance as at 31 st March 2020	1.34	0.14	34.59	345.17	5.49	2.60	362.83	752.51	-	752.51
	Balance as at 1 st April 2020	1.34	0.14	34.59	345.17	5.49	2.60	362.83	752.51	-	752.51
	Profit for the year	-	-	-	-	-	-	(18.78)	(18.78)	-	(18.78)
	Other comprehensive income (net of tax)	-	-	-	-	-	-	0.98	0.98	-	0.98
	Total comprehensive income for the year	-	-	-	-	-	-	(17.80)	(17.80)	-	(17.80)
	Employee Stock Option Plan (Refer note 15A)	-	-	-	-	-	-	1.56	1.56	-	1.56
	Balance as at 31 st March 2021	1.34	0.14	34.59	345.17	5.49	2.60	345.03	736.27	-	736.27
	*Acquisitions of balance stake in Ampere Vehicles Private Limited										
Notes forming part of the financial statements											
1- 42											

As per our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Mukesh Jain
Partner

Mumbai, 4th May 2021

Dalpat Jain
Group Chief Financial Officer

Atindra Basu
Company Secretary & Head Legal

Nagesh Basavanhalli
Managing Director & Group CEO
DIN : 01886313

For and on behalf of the Board

Kewal Handa
Director
DIN : 00056826

Nagesh Basavanhalli
Managing Director & CEO
DIN : 01886313

Consolidated Statement of Cash Flows

for the year ended 31st March 2021

	(₹ in Crore)	
	Year ended 31 st March 2021	Year ended 31 st March 2020
Cash flows from operating activities		
Profit for the year (after tax)	(18.78)	127.27
Adjustments for:		
Income tax expense	4.99	41.72
Finance costs	6.93	5.07
Interest income	(6.01)	(8.43)
Dividend income	(0.01)	(0.01)
Loss on sale of property, plant & equipment (Net)	0.02	0.27
Asset under development written off	1.03	3.93
Profit on sale of property, plant & equipment (exceptional item)	(8.40)	(10.76)
Fair value gain on investments (Including realised gain)	(0.14)	(4.90)
ESOP Expenses	1.56	0.35
Depreciation and amortisation expenses	60.43	60.94
Impairment of PPE and Intangible assets under development (exceptional item)	17.40	-
Change in fair value of liability towards acquisition of balance stake in subsidiary	4.18	-
Unrealised foreign exchange loss/(gain)	0.13	(0.90)
Operating profit before working capital changes	63.33	214.55
Adjustment for movements in working capital:		
Trade receivables	45.90	87.83
Inventories	28.19	(60.67)
Other assets	(26.09)	(42.87)
Trade payables	53.69	(25.55)
Provisions	7.56	6.64
Other liabilities	(4.07)	(7.93)
Cash generated from operations	168.51	172.00
Less : Income taxes paid	(21.71)	(70.37)
Net cash generated from operating activities (A)	146.80	101.63
Cash flows from investing activities		
Purchase of property, plant and equipment and capital work-in-progress	(36.18)	(36.58)
Purchase of intangible assets and Intangible assets under development	(12.78)	(39.22)
Proceeds from disposal of property, plant and equipment	8.66	14.54
(Purchase) / (reinvestment) of financial assets	-	(1,178.12)
Proceeds on sale of financial assets	2.46	1,599.75
Bank deposits placed	(101.89)	(30.00)
Bank deposits matured	30.00	0.80
Interest received	6.97	6.35
Purchase consideration paid on acquisition of subsidiary (net of non cash adjustment of ₹ 30.57 crore (previous year: Nil))	(5.00)	(82.50)
Dividend from current investments	0.01	0.01
Net cash generated (used in) / from investing activities (B)	(107.75)	255.03

Consolidated Statement of Cash Flows

for the year ended 31st March 2021

	(₹ in Crore)	
	Year ended 31 st March 2021	Year ended 31 st March 2020
Cash flows from financing activities		
Repayment of Borrowings	(6.94)	(1.56)
Payments towards buy-back of shares	-	(227.50)
Filing fees paid to SEBI on buy-back of shares	-	(1.15)
Payment made towards listing fees	-	(1.14)
Interest paid	(5.23)	(3.48)
Payment made towards lease liabilities (Including Interest)	(7.82)	(6.18)
Net cash used in financing activities (C)	(19.99)	(241.01)
Net increase in cash and cash equivalents (A+B+C)	19.06	115.65
On acquisition through business combination	0.21	-
Cash and cash equivalents at the beginning of the year	155.79	40.14
Cash and cash equivalents at the end of the year (Refer Note 12)	175.06	155.79
Notes forming part of the financial statements	1-42	

As per our report of even date attached

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

Mukesh Jain
Partner

Dalpat Jain
Group Chief Financial Officer

Atindra Basu
Company Secretary & Head Legal

Mumbai, 4th May 2021

For and on behalf of the Board

Kewal Handa
Director
DIN : 00056826

Nagesh Basavanhalli
Managing Director & Group CEO
DIN : 01886313

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

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 two indirect subsidiary.

The company is public limited company incorporated and domiciled in India. The address of its corporate office is Unit No. 701, 7th Floor, Tower 3, Equinox Business Park, LBS Marg, Kurla (West), Mumbai – 400070.

The Financial statements for the year ended 31st March 2021 were approved by the Board of Directors and authorised for issue on 4th May 2021.

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.

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

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 of 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 1st July 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Ind-AS 115 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 items 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

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

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 employee's 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 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.

2.9 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 Goods and Service Tax (GST) paid on incurring expenses or on acquisition of assets:

Expenses and Assets are recognised net of the amount of GST, except

- When the tax incurred on purchase of expenses or assets is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

- b. The net amount of tax receivable / payable is included as part of other assets or other liabilities, as the case may be.

2.11 Taxation:

2.11.1 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.

2.11.2 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.

2.11.3 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.

2.12 Earnings per share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by

the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events (such as bonus shares), if any, other than the conversion of potential equity shares that have changed the number of equity shares outstanding without a corresponding change in resources. For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.13 Dividends:

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of approval by the Company's Board of Directors.

2.14 Property, plant and equipment:

Cost includes inward freight, taxes (other than taxes recoverable from tax authorities) 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

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

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.

2.15 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.

2.16 Leases:

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 1st 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.

2.17 Intangible assets:

2.17.1 Intangible assets internally generated or 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. Research costs are charged to the statement of profit and loss in the year in which they are incurred. Product development costs incurred on new engine platform, engines, transmission and new products are recognised as intangible assets, when feasibility has been established, the Company has committed technical, financial and other resources to complete the development and it is probable that asset will generate future economic benefits. The costs capitalised include the cost of materials, direct labour and directly attributable overhead expenditure incurred up to the date the asset is available for use.

Intangible assets with finite useful lives that are acquired separately or own developed are carried at

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

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.

2.17.2 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.

2.17.3 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 3 to 5.5 years.

2.18 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.

2.19 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.

2.20 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.

2.21 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.

2.22 Financial instrument:

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

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

2.23 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.

2.23.1 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.

2.23.2 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 115, 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.

2.23.3 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.

2.23.4 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.

2.24 Financial liabilities:

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

2.24.1 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.

2.24.2 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.

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

2.24.3 Foreign exchange gains and losses:

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

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

2.24.4 Derecognition of financial liabilities:

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

2.25 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.

2.26 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 are reviewed at each balance sheet date and updated / recognised as appropriate.

2.27 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.

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

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.

3.

3.1. 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 (Including Intangible Asset under development):

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.

The Company's assessment of carrying value of intangible under development have inherent challenge with accurately predicting the future economic benefits which includes estimate of volume projection, margin, regulatory changes, expected capital expenditure for production phase and judgement around the probability of acceptance of technology/ new product. Estimate and judgement around these inputs are critical to assess the carrying value of assets. The Company undertakes, significant levels of research and development activities for engine development and its various uses. A periodic review is undertaken during the life cycle of the engine. The Company applies judgement to determine the point at which the recognition criteria under accounting standard is satisfied.

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 to sixty 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

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

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 ₹ 49.04 crores and intangible assets of ₹ 42.15 crores represent goodwill/intangible assets acquired through business combination and allocated to the relevant Cash Generating Units (CGUs). 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.

Based on the above, no impairment was identified as of 31st March 2021 as the recoverable value of the CGU exceeded the carrying value.

f. Recoverability assessment of Assets:

In assessing the recoverability of assets such as goodwill, intangible assets (including intangible assets under development), 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.

3.2 Recent accounting pronouncements

On 24th March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division

I, II and III of Schedule III and are applicable for financial years starting from 1st April 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the consolidated financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

4. Property, plant and equipment

Right-of-use assets

Particulars	Freehold Land	Buildings	Leasehold land	Plant & equipment	Office equipment	Furniture & fixtures	Vehicles	Leasehold improve- ments	Total Property, plant and equipment	Leasehold land	Leased properties	Total Right-of- use assets
Cost												
Balance as at 1 st April 2019	3.44	78.48	20.07	245.67	3.78	6.86	1.47	6.45	366.22	-	-	-
Asset held for sale reclassified*	-	12.47	-	-	-	-	-	-	12.47	0.12	-	0.12
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)	-	-	-
Balance as at 31 st March 2020	3.44	89.91	-	272.16	4.52	7.02	1.54	8.76	387.35	20.19	22.39	42.58
Additions	-	0.61	-	11.87	0.64	0.13	0.27	0.19	13.71	-	0.32	0.32
Acquisitions through business combinations	-	0.17	-	0.85	-	0.01	0.04	-	1.07	3.89	-	3.89
Disposals	-	(0.21)	-	(0.06)	(0.02)	(0.08)	(0.69)	(0.81)	(1.87)	-	(0.05)	(0.05)
Balance as at 31 st March 2021	3.44	90.48	-	284.82	5.14	7.08	1.16	8.14	400.26	24.08	22.66	46.74
Depreciation												
Balance as at 1 st April 2019	-	(13.98)	(0.90)	(106.37)	(2.41)	(1.41)	(0.65)	(1.13)	(126.85)	-	-	-
Adjustment on asset held for sale reclassified*	-	(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	-	-	-
Balance as at 31 st March 2020	-	(20.76)	-	(130.19)	(2.95)	(2.12)	(0.79)	(2.77)	(159.58)	(1.13)	(5.38)	(6.51)
Depreciation expense	-	(5.88)	-	(22.23)	(0.38)	(0.57)	(0.17)	(1.49)	(30.72)	(0.98)	(5.74)	(6.72)
Impairment	-	(0.10)	-	(11.40)	(0.02)	(0.21)	-	-	(11.73)	-	-	-
Disposals	-	0.20	-	0.07	0.02	0.06	0.61	0.67	1.63	-	-	-
Balance as at 31 st March 2021	-	(26.54)	-	(163.75)	(3.33)	(2.84)	(0.35)	(3.59)	(200.40)	(2.11)	(11.12)	(13.23)
Carrying amount												
Balance as at 31 st March 2020	3.44	69.15	-	141.97	1.57	4.90	0.75	5.99	227.77	19.06	17.01	36.07
Balance as at 31 st March 2021	3.44	63.94	-	121.07	1.81	4.24	0.81	4.55	199.86	21.97	11.54	33.51

*During the previous year, the Company reclassified asset held for sale into property, plant and equipment and right-of-use assets. As per management assessment, the said assets were not likely to be sold in the near future.

Ampere Vehicles Private Limited ("Ampere"), the Company's subsidiary has working capital loans from Banks. The loan is secured against exclusive charge on all current assets, property plant and equipment and intangible assets.

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

5. Investment properties

		(₹ in Crore)
Particulars		Investment properties
Cost		
Balance as at 1 st April 2019		4.29
Disposals		(4.04)
Balance as at 31st March 2020		0.25
Disposals		(0.25)
Balance as at 31st March 2021		-
Depreciation		
Balance as at 1 st April 2019		(0.83)
Disposals		0.64
Depreciation expense		(0.06)
Balance as at 31st March 2020		(0.25)
Disposals		0.25
Depreciation expense		-
Balance as at 31st March 2021		-
Carrying amount		
Balance as at 31 st March 2020		@
Balance as at 31st March 2021		-
Direct operating expenses including repairs and maintenance arising from investment properties that generated rental income for the year ended 31 st March 2020		0.05
Direct operating expenses including repairs and maintenance arising from investment properties that generated rental income for the year ended 31st March 2021		0.01

@ Represents amount less than ₹ 1 lac

Fair value of investment properties:

During the year, the Company has sold all its investment properties. The fair values, based on independent valuer for the previous year was ₹ 5.24 Crore. (Level 3).

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

6. Intangible assets

Particulars	Technical knowhow	Product development	Computer software	Non-compete Fees	Process knowhow	Brand	Assembled workforce	Distribution network	Total
(₹ in Crore)									
Cost									
Balance as at 1st April 2019	15.03	36.56	13.28	5.00	27.91	15.63	1.60	0.65	115.66
Additions	28.41	6.96	5.98	-	1.16	-	-	-	42.51
Asset reclassified to Goodwill	-	-	-	-	-	-	(1.60)	-	(1.60)
Balance as at 31st March 2020	43.44	43.52	19.26	5.00	29.07	15.63	-	0.65	156.57
Additions	9.48	2.97	1.10	2.00	0.76	-	-	-	16.31
Acquisitions through business combinations	-	-	0.15	-	0.10	12.46	-	1.03	13.74
Disposals / Discarded	(4.34)	(33.51)	(4.49)	-	(1.45)	-	-	-	(43.79)
Balance as at 31st March 2021	48.58	12.98	16.02	7.00	28.48	28.09	-	1.68	142.83
Amortisation									
Balance as at 1st April 2019	(12.36)	(24.40)	(9.63)	(0.37)	(1.80)	(1.04)	-	(0.06)	(49.66)
Amortisation expense	(3.13)	(8.02)	(2.52)	(0.83)	(5.01)	(2.08)	-	(0.12)	(21.71)
Balance as at 31st March 2020	(15.49)	(32.42)	(12.15)	(1.20)	(6.81)	(3.12)	-	(0.18)	(71.37)
Amortisation expense	(7.91)	(2.82)	(2.93)	(1.01)	(4.62)	(3.33)	-	(0.37)	(22.99)
Impairment	(0.09)	(2.35)	(0.01)	-	-	-	-	-	(2.45)
Disposals / Discarded	4.34	33.51	4.49	-	1.45	-	-	-	43.79
Balance as at 31st March 2021	(19.15)	(4.08)	(10.60)	(2.21)	(9.98)	(6.45)	-	(0.55)	(53.02)
Carrying Amount									
Balance as at 31st March 2020	27.95	11.10	7.11	3.80	22.26	12.51	-	0.47	85.20
Balance as at 31st March 2021	29.43	8.90	5.42	4.79	18.50	21.64	-	1.13	89.81

Ampere Vehicles Private Limited ("Ampere"), the Company's subsidiary has working capital loans from Banks. The loan is secured against exclusive charge on all current assets, property plant and equipment and intangible assets.

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

7. Investments

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Non- current		
7A Other Investments (at fair value)		
Investment in equity shares (Quoted)	0.06	0.03
Investment in equity shares (Unquoted)	@	@
Other Investments (at fair value)	0.06	0.03

@ Represents amount less than ₹ 1 lakh

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Current (Unquoted)		
7B Other Investments		
Investments in Mutual Funds (at fair value)	0.45	2.80
Aggregate carrying value of unquoted investments- Current	0.45	2.80
Aggregate cost of unquoted investment- Mutual Funds	0.42	2.68

Note:

- The fair value of other investments (Non-current and Current) as at 31st March 2021 and 31st March 2020 have been arrived at on the basis of Net Asset Value (NAV) declared by the Mutual Funds (Level 1).
- Also refer Note 32B.

8. Other financial assets

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
8A Non-current		
Security deposits	6.55	6.69
Margin money deposits with banks	2.29	2.22
Other assets- Employee advances, etc.	0.20	0.03
Non-current total	9.04	8.94
8B Current		
Export benefit receivables	1.60	0.90
Security deposits	7.37	9.31
Fixed deposits with financial institutions	20.50	20.50
Less: Provision for doubtful deposits	(20.50)	(20.50)
	-	-
Interest receivable	1.04	2.07
Other assets- Claim receivable, Employee advances, etc.	3.77	2.72
Current total	13.78	15.00
Total	22.82	23.94

Also refer Note 32B.

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

9. Other assets

(₹ in Crore)		
Particulars	As at 31 st March 2021	As at 31 st March 2020
9A Non-current		
Capital advances	12.26	7.00
Prepaid expenses	0.33	0.56
Balances with Customs, Port Trust, Central Excise etc.	43.22	29.51
Non-current total	55.81	37.07
9B Current		
Advances to suppliers	28.09	46.62
Allowance for bad and doubtful advances	(1.17)	(0.90)
	26.92	45.72
Prepaid expenses	1.81	1.70
Balances with Customs, Port Trust, Central Excise, GST etc.	15.38	6.59
Other advances (Gratuity etc.)	0.88	3.06
Current total	44.99	57.07
Total	100.80	94.14

10. Inventories

(₹ in Crore)		
Particulars	As at 31 st March 2021	As at 31 st March 2020
Inventories (lower of cost and net realisable value)		
Raw materials	103.72	92.72
Work-in-progress	6.21	8.12
Finished goods	36.45	57.76
Stock-in-trade	20.50	28.30
Stores and spares	4.72	4.22
Loose tools	3.12	3.31
Total	174.72	194.43

- | (₹ in Crore) | | |
|--|--------------------------------------|--------------------------------------|
| Particulars | As at
31 st March 2021 | As at
31 st March 2020 |
| In transit Raw materials (Included above) | 4.92 | 7.19 |
| In transit Stock-in-trade (Included above) | 3.27 | 4.98 |
- Short Term Finance facilities from Banks and Cash Credit facilities ₹ Nil as at Balance Sheet date (previous year ₹ Nil) are secured by hypothecation of all inventory, spares, tools and book debts, present and future, of the Company. The charges on these assets also cover letters of credit and bank guarantees up to ₹ 15.34 Crore (previous year ₹ 20.96 Crore) and ₹ 14.18 Crore (previous year ₹ 8.57 Crore) respectively.
 - Ampere Vehicles Private Limited("Ampere"), the Company's subsidiary has working capital loans from Banks. The loan is secured against exclusive charge on all current assets, property plant and equipment and intangibles.

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

11. Trade receivables

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Trade receivables considered good- Secured*	91.95	67.22
Trade receivables considered good- Unsecured	117.00	187.77
Trade receivables- credit impaired	71.11	43.23
Allowance for doubtful debts (expected credit loss allowance)	(71.11)	(43.23)
Total	208.95	254.99

* Secured trade receivables are against letters of credit, bank guarantees and security deposits.

- a. Provision matrix
The Company has policy of provisioning. The Overdue debtors above 1 year are critically reviewed and necessary provisions between 50% to 100% is done.
- b.
 - i) Short Term Finance facilities from Banks and Cash Credit facilities ₹ Nil as at Balance Sheet date (previous year ₹ Nil) are secured by hypothecation of all inventory, spares, tools and book debts, present and future, of the Company. The charges on these assets also cover letters of credit and bank guarantees up to ₹ 15.34 Crore (previous year ₹ 20.96 Crore) and ₹ 14.18 Crore (previous year ₹ 8.57 Crore) respectively.
 - ii) Ampere Vehicles Private Limited ("Ampere"), the Company's subsidiary has working capital loans from Banks. The loan is secured against exclusive charge on all current assets, property plant and equipment and intangibles.
- c. Also refer Note 32B

12. Cash and cash equivalents

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Cash on hand	@	0.01
Cheques, drafts on hand	3.70	-
Fixed deposits with maturity less than 3 months	155.00	135.00
Balances with banks		
In current accounts	16.36	20.78
Total	175.06	155.79

@ Represents amount less than ₹ 1 lakh

Also refer Note 32B

13. Bank balances other than cash and cash equivalents

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Term deposits with maturity exceeding 3 months and less than 12 months	101.89	30.00
Unpaid dividend accounts	3.39	3.90
Total	105.28	33.90

Also refer Note 32B

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

14. Equity share capital

Particulars	(₹ in Crore)	
	As at 31 st March 2021	As at 31 st March 2020
Authorised		
37,50,00,000 Equity Shares of ₹ 2 each	75.00	75.00
Issued, subscribed and fully paid up		
23,12,06,795 Equity Shares of ₹ 2 each	46.24	46.24
(previous year 23,12,06,795 Equity shares of ₹ 2 each)		
	46.24	46.24

	No. of shares	(₹ in Crore)
14A Fully paid equity shares		
As at 1 st April 2020	23,12,06,795	46.24
As at 31st March 2021	23,12,06,795	46.24

Particulars	As at 31 st March 2021		As at 31 st March 2020	
	Number of shares held in the Company	Percentage of shares held	Number of shares held in the Company	Percentage of shares held
14B Shares in the Company held by each shareholder holding more than 5% shares				
Fully paid equity shares				
DBH International Private Limited	-	-	9,87,64,252	42.72%
Bharat Starch Products Private Limited	-	-	1,37,75,865	5.96%
Karun Carpets Private Limited	12,86,14,955	55.63%	1,42,09,060	6.15%

14C Terms / Rights attached to equity shares

- The Company has only one class of equity shares having face value of ₹ 2 per share. The equity shares rank pari passu in all respects including voting rights and entitlement of dividend.
- 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.

14D During the previous year, the Company completed the Buyback of 1,30,00,000 Equity Shares as approved by the Board of Directors on 2nd May 2019. This resulted in total cash outflow of ₹ 227.50 Crore. In line with requirement of The Companies Act, 2013 an amount of ₹ 224.90 Crore was utilised from retained earnings. Further, Capital Redemption Reserves of ₹ 2.60 Crore (representing the nominal value of the shares bought back) is created as an appropriation from retained earnings. Consequent to such Buyback, share capital reduced by ₹ 2.60 Crore in previous year.

14E Dividend

On 4th May 2021, the Board of Directors has proposed final dividend of ₹ 0.20 per share on face value of ₹ 2 each (total dividend payout ₹ 4.62 Crore, (previous year ₹ Nil)). The proposed dividend is subject to approval of the shareholders in the ensuing Annual General Meeting.

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

15. Other equity

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Reserves and surplus		
Capital reserve (Refer note 1 below)	1.34	1.34
Capital reserve on consolidation (Refer note 2 below)	0.14	0.14
Securities premium (Refer note 3 below)	34.59	34.59
General reserve (Refer note 4 below)	345.17	345.17
Statutory reserve (Refer note 5 below)	5.49	5.49
Capital Redemption reserve (Refer note 1 below)	2.60	2.60
Employee Stock Option Plan (Refer note 15A below)	1.91	0.35
Retained Earnings*	345.03	362.83
Total	736.27	752.51

Footnote:

1. This is not available for distribution of dividend but can be utilised for issuing bonus shares.
2. The capital reserve is generated on consolidation due to the difference between the assets received being higher than the consideration paid.
3. 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.
4. 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.
5. 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

15A Employee Stock Option Plan

- A. During the year, the Company introduced and implemented 'Greaves Cotton- Employees Stock option Plan 2020' (ESOP 2020), with following terms:
 - Create, grant, offer, issue and allot stock options at any time in one or more tranches to or for the benefit of such person(s) who are in the permanent employment of the Company, whether working in India or outside India, including Director of the Company, whether Whole-time Director or not, but excluding Promoter, Promoter group and Independent Directors and such other persons as may from time to time be allowed to be eligible,
 - such number of stock options convertible into Equity Shares of the Company, in one or more tranches, not exceeding 2.00% of the paid-up share capital of the Company of the face value of ₹ 2/- each (Rupees Two) to the eligible employees of the Company, at such price or prices, and on such terms and conditions as may be fixed or determined by the Board,
 - The options would vest after 1 year but not later than 8 years from the date of individual grant as decided by the Committee.
 - Exercise Price is the par value of the Share payable by the eligible employee for the exercise of each option granted under the scheme for the allotment of one share.
 - The Company will follow fair value method for computing the compensation cost, if any, for the Options Granted, in accordance with applicable Law.
- B. The scheme was approved by the Shareholders on 11th July 2020.

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

15. Other equity (contd.)

II. During the current year, no grants were made under Greaves Cotton Employees Stock Option Plan 2019' ESOP 2019.

III. The details of grants under the aforesaid scheme are summarised below;

(₹ in Crore)		
Sr. No.	Particulars	As at 31 st March 2021
		As at 31 st March 2020
		Greaves Cotton- Employees Stock Option Plan 2020 -ESOP-2020
		Greaves Cotton- Employees Stock Option Plan 2019 -ESOP-2019
i.	Grant price	₹ 2
ii.	Grant date	Various dates
iii.	Options granted and outstanding at the beginning of the year	-
iv.	No. of options granted during the year	21,28,694
v.	No. of options arising as result of exercised of options	-
vi.	No. of options cancelled / forfeited	-
vii.	No. of options outstanding at the end of the year	21,28,694
viii.	No. of options exercisable	-
ix.	Maximum term of options granted	8 years from grant date
x.	Vesting Period / Schedule	25% at each anniversary from grant date
xi.	Weighted average remaining contractual life of options (in years)	8 years
xii.	Weighted average share price at the date of exercise of stock options exercised during the year	NA

IV. 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 ₹ 82.21 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 2020-21 is ₹ 1.43 Crore (net).

C. The perquisite amount on exercise of employee stock options will be considered as a part of the remuneration of the Executive Directors. Executive Directors may be granted stock options in subsidiary companies as per their Schemes and after taking necessary approvals. Perquisites may be added to the remuneration of concerned directors and considered in the limits applicable to the Company.

V. 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	2020-21
i.	Weighted average risk-free interest rate	5.94%
ii.	Weighted average expected life of options	6.5 years
iii.	Weighted average expected volatility	71.68%
iv.	Weighted average expected dividends over the life of the option	₹ 4 per option
v.	Weighted average exercise price	₹ 2 per share

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

15. Other equity (contd.)

VII Employee stock option plan(ESOP) (Ampere Vehicles Private Limited)

Summary of Status of ESOPs Granted

The position of the existing schemes is summarized as under-

Sr. No.	Particulars	Employee Stock Option Plan 2020	Employee Stock Option Plan 2020
I.	Details of the ESOS		
1	Date of shareholder's approval	Approved on December 31, 2020	Approved on December 31, 2020
2	Total number of options approved	1,75,787	1,05,470
3	Vesting requirements	Time based vesting Requirements	Time and Performance based vesting Requirements
4	Exercise price or pricing formula (₹)	At discount to FMV as per independent valuer's Report	At FMV as per independent valuer's report
5	Maximum term of options granted (years)	8 years	8 years
6	Source of shares	Primary issuance	Primary issuance
7	Variation in terms of ESOP	Nil	Nil

Sr. No.	Particulars	Employee (Director) Stock Option Plan 2020	Employee Stock Option Plan 2020
II.	Option Movement during the year		
1	No. of options outstanding at the beginning of the year	-	-
2	Options granted during the year	1,75,787	1,05,470
3	Options forfeited / lapsed during the year	-	-
4	Options vested during the year	-	-
5	Options exercised during the year	-	-
6	Total number of shares arising as a result of exercise of options	-	-
7	Money realised by exercise of options (₹)	-	-
8	Number of options outstanding at the end of the year	1,75,787	1,05,470
9	Number of options exercisable at the end of the year	-	-
III.	Weighted average exercise price of options granted during the year	182.29	1,381.00
	Weighted average fair value of options granted during the year	63.05	0.00
	The weighted average market price of options exercised during the year	NA	NA

Method and Assumptions used to estimate the fair value of options granted during the year:

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model are as follows:

Sr. No.	Particulars	Grant 1	Grant 2
1	Risk Free Interest Rate	5.32%	5.33%
2	Expected Life	5.27	5.51
3	Expected Volatility	17.97%	17.91%
4	Dividend Yield	0.00%	0.00%
	Expense on Employee Stock Option Scheme debited to Statement of profit & loss during the FY 2020-21 (₹ crs)	0.13	

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

16. Borrowings

(₹ in Crore)		
Particulars	As at 31 st March 2021	As at 31 st March 2020
Current		
Unsecured - at amortized cost		
Loans repayable on demand from banks (refer note (i))	2.68	7.57
WCDL Loan from bank (refer note (ii))	0.89	2.00
Total	3.57	9.57

- i) Ampere Vehicles Private Limited("Ampere"), the Company's subsidiary has working capital loans from Banks. The loan is secured against exclusive charge on all current assets, property plant and equipment and intangibles.
- ii) Ampere Vehicles Private Limited("Ampere"), the Company's subsidiary has working capital loans from a bank by way of Guaranteed Emergency Credit Line under ECLGS scheme.

17. Other financial liabilities

(₹ in Crore)		
Particulars	As at 31 st March 2021	As at 31 st March 2020
17A Non-current		
Others	0.34	0.37
Non-current total	0.34	0.37
17B Current		
Employee benefits payable	6.76	19.28
Unpaid dividends*	3.39	3.90
Deposits from dealers	8.94	6.12
Capital creditors	4.82	9.97
Derivative financial instruments	-	@
Other financial liabilities (non compete fee obligation)	2.00	-
Investment obligation for subsidiary acquisition (measured at fair value)	5.94	-
Others	1.69	0.71
Current total	33.54	39.98
Total	33.88	40.35

@ Represents amount less than ₹ 1 lakh

*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.
Also refer Note 32B.

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

18. Provisions

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
18A Non-current		
Provision for employee benefits		
Gratuity & Ex-gratia	1.55	1.34
Non-current total	1.55	1.34
18B Current		
Provision for employee benefits		
Compensated absences	10.85	9.09
Gratuity & Ex-gratia	1.16	0.40
Provisions for warranty	17.36	14.97
Other provisions	2.32	0.21
Current total	31.69	24.67
Total	33.24	26.01

Movement in provision for warranty

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Opening balance	14.97	9.99
Provision recognised during the year	12.77	12.74
Amount utilised during the year	(10.38)	(7.76)
Closing balance	17.36	14.97

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 to sixty months.

19. Deferred tax

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
19A Analysis of deferred tax liabilities presented in the balance sheet:		
Deferred tax assets (net)	23.37	9.66
Deferred tax liabilities (net)	(10.72)	(9.01)
Deferred tax assets (net)	12.65	0.65

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

19. Deferred tax (Contd.)

(₹ in Crore)

Particulars	Opening balance	Acquisitions through business combinations	Recognised in profit or loss	Closing balance
19B Movement in deferred taxes:				
During the year ended 31st March 2021				
Deferred tax asset/(liability) in relation to:				
Depreciation	(23.55)	(3.39)	6.61	(20.33)
Provision for post retirement benefits and other employee benefits	3.43	0.01	0.28	3.72
Allowance for doubtful debts and advances	10.76	0.04	7.02	17.82
Other temporary differences	10.01	0.82	0.61	11.44
Total	0.65	(2.52)	14.52	12.65

(₹ in Crore)

Particulars	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
During the year ended 31st March 2020				
Deferred tax asset/(liability) in relation to:				
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
Total	(20.94)	21.54	0.05	0.65

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
19C Unrecognised deductible timing differences, unused tax losses and unused tax credits		
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
- tax losses (capital in nature)	48.51	17.88
Total	48.51	17.88

(₹ in Crore)

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
19D Gross deferred tax assets and liabilities are as follows:		
Deferred tax assets		
Depreciation	(9.61)	(14.54)
Provision for post retirement benefits and other employee benefits	3.72	3.43
Allowance for doubtful debts and advances	17.82	10.76
Other temporary differences	11.44	10.01
Gross Deferred tax assets	23.37	9.66
Deferred tax liability		
Depreciation	(10.72)	(9.01)
Gross Deferred tax liability	(10.72)	(9.01)

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

19. Deferred tax (Contd.)

(₹ in Crore)		
Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
19E The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax	(13.79)	168.99
Income tax expenses calculated at 25.168% (previous year 25.168%)	(3.47)	42.53
Differences due to:		
Tax on income at different rates	-	13.30
Effect of concessions (Long term capital loss set off)	-	(11.43)
Effect on deferred tax balances due to change in income tax rate	-	(5.66)
Others	8.46	2.98
Total tax expense	4.99	41.72

20. Trade payables

(₹ in Crore)		
Particulars	As at 31 st March 2021	As at 31 st March 2020
Trade payables		
Due to micro enterprises and small enterprises*	35.31	31.15
Other than micro enterprises and small enterprises	321.12	267.50
Total	356.43	298.65

Also refer Note 32B

* 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)		
Particulars	As at 31 st March 2021	As at 31 st March 2020
Principal amount and interest due:		
Principal amount	35.31	31.15
Interest due	1.68	0.76
Interest paid by buyer in terms of section 16 of MSMED Act	-	-
Amount paid beyond the appointed day	100.47	28.66
Interest due and payable to supplier, for payment already made under MSMED Act	0.99	0.31
Amount of Interest accrued and remaining unpaid at the end of accounting year	0.92	0.05
Amount of further interest remaining due and payable even in succeeding years	1.68	0.76

21. Other liabilities

(₹ in Crore)		
Particulars	As at 31 st March 2021	As at 31 st March 2020
21A Non-current		
Advances from customers	21.53	24.26
Other payables	-	0.22
Non-current total	21.53	24.48
21B Current		
Advances from customers	12.94	8.30
Statutory dues	12.08	8.53
Other payables	1.60	1.32
Current total	26.62	18.15
Total	48.15	42.63

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

22. Revenue from operations

(₹ in Crore)		
Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Sale of products		
(i) Finished goods	1,366.67	1,712.05
(ii) Stock-in trade	120.76	190.66
	1,487.43	1,902.71
Service income	5.53	5.45
Other operating revenue		
(i) Export incentive	1.79	1.86
(ii) Development cost recovered (net)	3.04	-
(iii) Others	2.61	0.94
Total	1,500.40	1,910.96

The Company derives its revenue from sale of 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 1st April 2018, the Company adopted Ind AS 115 'Revenue from contracts with customers'.

Accordingly, the Company is recognising 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 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 (Also 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.

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

23. Other income

Particulars	(₹ in Crore)	
	Year ended 31 st March 2021	Year ended 31 st March 2020
Interest income earned on financial assets not designated as at FVTPL		
Deposits	5.79	8.32
Other financial assets	0.22	0.11
Dividend income		
From other investments	0.01	0.01
Fair value gain		
Investments measured at FVTPL	(0.06)	(50.71)
Profit on sale of investments (net)	0.20	55.61
Exchange fluctuation- gain (net)	0.19	1.31
Scrap sales	1.14	1.95
Miscellaneous income	0.84	3.56
Total	8.33	20.16

24. Cost of materials consumed

Particulars	(₹ in Crore)	
	Year ended 31 st March 2021	Year ended 31 st March 2020
Raw materials consumed		
Opening stock	92.72	61.85
Acquisitions through business combinations	6.46	-
Purchases	958.61	1,219.47
Less : Closing stock	103.72	92.72
	954.07	1,188.60

25. Purchases of stock-in-trade

Particulars	(₹ in Crore)	
	Year ended 31 st March 2021	Year ended 31 st March 2020
Traded goods	94.80	158.47

26. Changes in inventories of finished goods, stock-in-trade and work-in-progress

Particulars	(₹ in Crore)	
	Year ended 31 st March 2021	Year ended 31 st March 2020
Opening inventories		
Finished goods	57.76	35.35
Work-in-progress	8.12	7.99
Stock-in-trade	28.30	21.33
	94.18	64.67
Closing inventories		
Finished goods	36.45	57.76
Work-in-progress	6.21	8.12
Stock-in-trade	20.50	28.30
	63.16	94.18
Net (increase)/decrease in inventories	31.02	(29.51)

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

27. Employee benefits expense

Particulars	(₹ in Crore)	
	Year ended 31 st March 2021	Year ended 31 st March 2020
Salaries and wages	127.95	155.70
Contribution to provident funds and other funds	12.77	14.59
Staff welfare expenses	7.13	10.87
	147.85	181.16
Less: Capitalised towards product development	5.99	8.55
Total	141.86	172.61

Employee benefit plans

27A Defined contribution plans

The amount recognised as an expense during the year ended 31st March 2021 towards Provident Fund (including admin charges), ESIC contribution and Superannuation & National Pension Scheme is ₹ 6.05 crore (previous year ₹ 7.12 crore), ₹ 0.10 crore (previous year ₹ 0.13 crore) and ₹ 4.34 crore (previous year ₹ 4.77 crore) respectively.

27B Defined benefit plans

The Company has a defined benefit plan (the 'Gratuity Plan') which is managed by the 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 st March 2021 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.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	(₹ in Crore)			
	Valuation as at			
	As at 31 st March 2021		As at 31 st March 2020	
Discount rate(s)	6.55%		6.25%	
Expected rate(s) of salary increase	MGMT : 8%, NMGT : 6%		MGMT : 8%, NMGT : 6%	
	Age(Years)	Rates (p.a.)	Age(Years)	Rates (p.a.)
Mortality rates	18	0.000874	18	0.000874
	23	0.000936	23	0.000936
	28	0.000942	28	0.000942
	33	0.001086	33	0.001086
	38	0.001453	38	0.001453
	43	0.002144	43	0.002144
	48	0.003536	48	0.003536
	53	0.006174	53	0.006174
	58	0.009651	58	0.009651

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

27. Employee benefits expense (Contd.)

Amounts recognised in the Statement of profit and loss in respect of these defined benefit plans are as follows:

(₹ in Crore)		
Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Service cost:		
Current service cost	2.73	2.47
Interest on net defined benefit asset	(0.15)	(0.05)
Components of defined benefit costs recognised in profit or loss during the year	2.58	2.42
Opening amount recognised in other comprehensive income:	(3.11)	(1.50)
Re-measurement during the year due to:		
Changes in financial assumptions	(0.32)	1.75
Changes in demographic assumptions	0.26	(0.70)
Experience adjustments	(1.22)	(0.93)
Actual return on plan assets less interest on plan assets	(0.03)	(1.73)
Closing amount recognised in other comprehensive income :	(4.42)	(3.11)
Components of defined benefit (income) / cost recognised in other comprehensive income during the year	(1.31)	(1.61)

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)		
Particulars	As at 31 st March 2021	As at 31 st March 2020
Present value of funded defined benefit obligation	18.67	32.15
Fair value of plan assets	16.83	34.56
Funded status	1.84	(2.41)
Net (asset)/ liability arising from defined benefit obligation	1.84	(2.41)

Movements in the present value of the defined benefit obligation are as follows.

(₹ in Crore)		
Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Opening defined benefit obligation	32.15	34.42
Current service cost	2.73	2.47
Interest on defined benefit obligation	1.77	2.28
Re-measurement due to:		
Actuarial (gains) / losses arising from changes in financial assumptions	(0.32)	1.75
Actuarial (gains) / losses arising from changes in demographic assumptions	0.26	(0.70)
Actuarial (gains) / losses arising from experience changes	(1.22)	(0.93)
Benefits paid	(16.70)	(7.14)
Closing defined benefit obligation	18.67	32.15

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

27. Employee benefits expense (Contd.)

Movements in the fair value of the plan assets are as follows:

Particulars	(₹ in Crore)	
	Year ended 31 st March 2021	Year ended 31 st March 2020
Opening fair value of plan assets	34.56	34.29
Interest income	1.92	2.33
Re-measurement gain/(loss):		
Return on plan assets (excluding amounts included in net interest expense)	0.03	0.94
Contributions from the employer	(2.98)	4.14
Benefits paid	(16.70)	(7.14)
Closing fair value of plan assets	16.83	34.56

The fair value of the plan assets at the end of the reporting period for each category, are as follows.

Particulars	(₹ in Crore)	
	Fair Value of plan asset as at	
	31 st March 2021	31 st March 2020
Cash and cash equivalents	0.15	0.04
Non quoted value :		
Insurer managed fund	16.68	34.52
Total	16.83	34.56

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.

Particulars	(₹ in Crore)	
	Year ended 31 st March 2021	Year ended 31 st March 2020
	Discount rate	Salary escalation rate
Impact of increase in 50 bps on DBO	(0.60)	0.61
Impact of decrease in 50 bps on DBO	0.64	(0.58)

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The average duration of the benefit obligation at 31st March 2021 is 5.60 years, (as at 31st March 2020: 11.05 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 :

Maturity profile	(₹ in Crore)	
	2020-2021	2019-2020
Expected benefits for year 1 to 3	8.76	18.96
Expected benefits for year 4 and 5	3.10	8.89
Expected benefits for year 6 and above	22.11	17.71

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

28. Finance costs

Particulars	(₹ in Crore)	
	Year ended 31 st March 2021	Year ended 31 st March 2020
Interest expenses	5.23	2.75
Other borrowing costs	1.70	2.32
Total	6.93	5.07

29. Depreciation and amortisation expense

Particulars	(₹ in Crore)	
	Year ended 31 st March 2021	Year ended 31 st March 2020
Depreciation of property, plant and equipment (Note 4)	30.72	33.57
Depreciation of right-of-use assets (Note 4)	6.72	5.60
Depreciation of investment property (Note 5)	-	0.06
Amortisation of intangible assets (Note 6)	22.99	21.71
Total	60.43	60.94

30. Other expenses

Particulars	(₹ in Crore)	
	Year ended 31 st March 2021	Year ended 31 st March 2020
Stores and spares consumed	5.48	7.24
Power, fuel and electricity	10.05	13.64
Contracting expenses	32.07	30.83
Repairs and maintenance:		
Buildings	0.94	0.50
Plant & equipment	3.44	3.84
Others	2.43	2.32
Brokerage and commission	3.10	2.45
Rent	3.31	4.77
Lease rentals	0.41	1.30
Insurance	3.09	2.67
Bad debts/ advances written-off	1.01	-
Allowance for doubtful debts/ advances	28.15	18.86
Rates and taxes	0.85	1.36
Advertisement and sales promotion expenses	17.95	14.90
Travelling	3.84	12.52
Loss on sale property, plant and equipment	0.02	0.27
Carriage and freight	27.49	27.72
Director sitting fees	0.37	0.22
Printing & stationery	0.21	0.72
Postage, telephone and fax	1.65	2.60
Warranty expenses	12.77	12.74
Legal, professional and consultancy charges	9.32	14.14
Fair value changes of financial liability recognised at FVTPL	4.18	-
Asset under development written off	1.03	3.93
Miscellaneous expenses	25.79	31.12
Total	198.95	210.66

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

30. Other expenses (Contd.)

(₹ in Crore)		
Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
30A Miscellaneous expenses include:		
Auditors' remuneration and expenses		
Statutory audit fees	0.78	0.63
Limited review	0.25	0.23
Others		
Fees for certification	0.08	0.10
Reimbursement of out-of-pocket expenses	0.02	0.02
Payments to tax auditors		
Tax audit fees	0.09	0.09
Payments to cost auditors		
Cost audit fees	0.08	0.08
Reimbursement of out-of-pocket expenses	@	@
@ Represents amount less than ₹ 1 lakh		
30B Expenditure incurred on corporate social responsibility activities :		
(1) Gross amount required to be spent by the company during the year	3.96	4.52
(2) Amount spent during the year on :		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above*	3.96	4.62

*Includes amount of ₹ 0.71 Crore transferred to 'Unspent CSR Account' as on 30th April 2021, which is related to ongoing projects.

31. Exceptional items

(₹ in Crore)		
Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
(i) Profit on sale of immovable property	8.40	10.76
(ii) Impairment loss of PPE and Intangible assets under development	(17.40)	-
(iii) Employee separation cost	(25.46)	(6.05)
Exceptional items (net)	(34.46)	4.71

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.

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

32. Risk management (Contd.)

32B Financial instruments :

The Significant Accounting Policies in respect of each class of financial asset, financial liability and equity instrument including criteria for their recognition, the basis of measurement are as disclosed in Note No. 7, 8, 11, 12, 13, 16, 20 & 40 to the financial statements. These Notes also mention the basis on which the income & expenses are recognised.

Particulars	(₹ in Crore)	
	As at 31 st March 2021	As at 31 st March 2020
Financial assets		
Measured at fair value through profit or loss (FVTPL)		
Mutual fund	0.45	2.80
Investment in equity shares	0.06	0.03
Measured at amortised cost *		
Cash and bank balances	280.34	189.69
Trade receivable	208.95	254.99
Security Deposits	13.92	16.00
Margin money with Banks	2.29	2.22
Others	6.61	5.72
Financial liabilities		
Measured at Fair value through profit or loss (FVTPL)		
Derivative financial instruments	-	@
Investment obligations to subsidiary acquisition	5.94	-
Measured at amortised cost *		
Trade payable	356.43	298.65
Unpaid dividends	3.39	3.90
Deposits from dealers	8.94	6.12
Capital creditors	4.82	9.97
Employee benefits payable	6.76	19.28
Borrowings & Interest accrued	3.57	9.57
Lease Liabilities (Refer Note 40)	18.82	21.21
Others	4.03	1.08

* 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

32C Financial and liquidity risk management objectives :

- The Company has a very conservative policy on investing surplus funds. The investments are in fixed deposits with banks.
- 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.
- 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 six parties have more than 5% of the total outstanding amount and two of them are fully secured by letter of credit.
- Of the total outstanding as at reporting date, 44% 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.
- The products of the Company under engine segment include application of engines in farm equipment and gensets. The products under Electric mobility segment includes trading of electric vehicles and its spares. The products under other segment include products traded by International Business, Greaves Care and After Market Business.

32D Foreign currency risk management :

The use of foreign currency forward contracts is governed by 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

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

32. Risk management (Contd.)

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)

Particulars	Assets		Liabilities	
	As at 31 st March 2021	As at 31 st March 2020	As at 31 st March 2021	As at 31 st March 2020
USD	9.13	11.36	1.92	0.90
EUR	0.46	0.26	2.23	1.66
GBP	-	-	0.99	0.07
CNY	1.70	-	6.41	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, the 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 :

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on recurring basis: Some of Company financial assets 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 assets/ Financial liabilities	Fair values		Fair value hierarchy	Valuation technique and key input
	As at 31 st March 2021	As at 31 st March 2020		
Financial assets				
Mutual fund	0.45	2.80	Level 1	
Investment in equity shares (Quoted)	0.06	0.03	Level 1	
Investment in equity shares (Unquoted)	@	@	Level 3	
Financial liabilities				
Derivative financial instruments	-	@	Level 2	Discounted Cash Flows used by Banks for Mark to Market

@ Represents amount less than ₹ 1 lakh

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 includes trading of electric vehicles and its spares
- Others include products traded by International Business, Greaves Care and After Market Business.

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

33. Segment information (Contd.)

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 & bank balances, advance tax etc. Unallocated liabilities mainly include tax provisions and provisions for employee retirement benefits.

33A Segment revenue and results:

The following is an analysis of the Company's revenue and results from continuing operations by reportable segment.

(₹ in Crore)

Particulars	Segment revenue		Segment result	
	Year ended 31 st March 2021	Year ended 31 st March 2020	Year ended 31 st March 2021	Year ended 31 st March 2020
Engines	1,243.16	1,668.99	68.11	248.42
Electric Mobility	178.34	126.88	(31.54)	(24.61)
Others	78.90	115.09	(0.57)	(2.81)
Total	1,500.40	1,910.96	36.00	221.00
Other Income (including exceptional items)			10.53	25.25
Central administration costs			(53.39)	(72.19)
Finance costs			(6.93)	(5.07)
Profit/ (loss) before tax			(13.79)	168.99

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.

33B Segment assets and liabilities:

(₹ in Crore)

Segment assets	Year ended 31 st March 2021	Year ended 31 st March 2020
Engines	641.69	693.48
Electric Mobility	197.15	183.33
Others	48.30	63.32
Total segment assets	887.14	940.13
Unallocated	403.30	308.51
Total assets	1,290.44	1,248.64

(₹ in Crore)

Segment liabilities	Year ended 31 st March 2021	Year ended 31 st March 2020
Engines	339.55	309.89
Electric Mobility	69.28	39.51
Others	24.11	18.00
Total segment liabilities	432.94	367.40
Unallocated	74.99	82.49
Total liabilities	507.93	449.89

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

33. Segment information (Contd.)

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)

Particulars	Depreciation and amortisation		Additions to non-current assets	
	Year ended 31 st March 2021	Year ended 31 st March 2020	Year ended 31 st March 2021	Year ended 31 st March 2020
Engines	34.63	37.25	23.68	57.35
Electric Mobility	14.10	9.47	37.95	12.10
Others	2.43	4.52	0.11	0.83
Unallocable	9.27	9.70	0.69	5.13
Total	60.43	60.94	62.43	75.41

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)

Particulars	Revenue from external customers		Non-current assets*	
	Year ended 31 st March 2021	Year ended 31 st March 2020	Year ended 31 st March 2021	Year ended 31 st March 2020
Domestic	1,449.76	1,853.27	502.98	486.12
Overseas	50.64	57.69	-	-
Total	1,500.40	1,910.96	502.98	486.12

* Non-current assets excludes other investments, other financial assets and income tax assets (net).

34. Earnings per share

(₹ in Crore)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Profit for the year attributable to the owners of the company	(18.78)	129.17
Weighted average number of equity shares outstanding for the purpose of basic earnings per share	23,12,06,795	23,93,40,675
Basic earnings per share	(0.81)	5.40
Weighted average number of equity shares outstanding	23,12,06,795	23,93,40,675
Add: Weighted average number of potential equity shares on account of Employee stock options	8,38,241	-
Weighted average number of equity shares outstanding for the purpose of diluted earnings per share	23,20,45,036	23,93,40,675
Diluted earnings per share	(0.81)	5.40

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

35. Related party transactions

I. List of related parties :

35A Holding Company :

Karun Carpets Private Limited

35B Promoter and the promoter group companies, where company has transactions during the year:

Mr Karan Thapar, Chairman

EICL Limited

Premium Transmission Private Limited

35C Key management personnel :

Mr Nagesh A Basavanhalli

Managing Director & CEO upto 13th August 2020 and

Managing Director & Group CEO from 5th November 2020

Mr Ajit Venkataraman

Executive Director from 14th August 2020

Mr Mohanan Manikram

Executive Director till 5th November 2020

Mrs Neetu Kashiramka

Chief Financial Officer till 6th April 2020

Mr Amit Mittal

Chief Financial Officer from 27th April 2020 till 5th November 2020

Mr Dalpat Raj Jain

Group Chief Financial Officer from 10th February 2021

II. Transactions with related parties:

35D Transactions with related parties :

The following transactions occurred with the related parties:

(₹ in Crore)

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Purchase of goods and services		
Promoter group company		
Premium Transmission Private Limited	0.14	-
Rendering of services/Reimbursement of expenses		
Promoter group company		
Premium Transmission Private Limited	0.01	0.02
Other transactions		
Commission and sitting fees paid		
Mr Karan Thapar	0.62	1.43
Consultancy Charges		
Mr Nagesh Basavanhalli	0.25	-
Lease rent expenses paid to Promoter group company		
EICL Limited	-	0.10
Premium Transmission Private Limited	0.06	0.04

The following balances were outstanding as at end of the reporting period:

(₹ in Crore)

Particulars	Amounts owed by related parties		Amounts owed to related parties	
	As at 31 st March 2021	As at 31 st March 2020	As at 31 st March 2021	As at 31 st March 2020
Promoter group companies	-	0.01	0.03	-

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

35. Related party transactions (Contd.)

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:

Particulars	(₹ in Crore)	
	Year ended 31 st March 2021	Year ended 31 st March 2020
Short-term employee benefits	7.24	8.28
Post-employment benefits	0.25	0.23
Total	7.49	8.51

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 managerial personnel during the year is 17,02,955 (Also Refer note 15A).

36. Managerial remuneration

The managerial remuneration paid/ payable to the Managing Director and the Executive Directors of the Company is ₹ 6.43 Crore for the financial year which exceeds the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013 by ₹ 3.49 Crore. As per the provisions of the Act, the excess remuneration is subject to approval of the shareholders which the Company proposes to obtain in the forthcoming Annual General Meeting. The excess amount is determined as per Schedule V to the Companies Act, 2013.

37. Contingent liabilities

Particulars	(₹ in Crore)	
	As at 31 st March 2021	As at 31 st March 2020
a) Sales tax liability that may arise in respect of matters in appeal	35.07	36.48
b) Sales tax liability that may arise on account of uncollected 'C' Forms	0.55	0.58
c) Excise duty liability that may arise in respect of matters in appeal	25.89	25.89
d) Claims made against the company, not acknowledged as debts	34.48	29.33
e) Wage demand not acknowledged by the company in respect of matter in appeal	5.98	3.18

- 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.

38. Commitments

Particulars	(₹ in Crore)	
	As at 31 st March 2021	As at 31 st March 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	23.78	40.86

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

39. Expenditure on research and development

Particulars	(₹ in Crore)	
	Year ended 31 st March 2021	Year ended 31 st March 2020
a) Revenue expenditure charged to Statement of profit and loss (Under Note Nos. 24, 27 & 30)	19.48	20.57
b) Capital Expenditure	4.04	7.29
Total	23.52	27.86

40. Leases

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%.

On application of Ind AS 116, the nature of expenses has changed from lease rent to depreciation cost for the right-of-use assets, and finance cost for interest accrued on lease liability.

Disclosure as per the requirement of Ind AS 116

Amounts recognised in the Balance Sheet

The Balance Sheet shows the following amounts relating to leases:

Particulars	(₹ in Crore)	
	As at 31 st March 2021	As at 31 st March 2020
Right-of-use assets	33.51	36.07
Lease Liabilities		
Non-current	10.82	14.46
Current	5.86	3.95

Amounts recognised in the Statement of profit and loss

The Statement of profit or loss shows the following amounts relating to leases:

Particulars	(₹ in Crore)	
	As at 31 st March 2021	As at 31 st March 2020
Depreciation charge on right-of-use assets	6.72	6.51
Interest expense (included in finance costs)	1.70	1.59
Expense relating to short term leases not included in lease liabilities	0.37	1.07

The total cash outflow towards leases for the year ended 31st March 2021 was ₹ 7.82 Crore (previous year ₹ 6.18 Crore)

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2021 on an undiscounted basis:

Particulars	(₹ in Crore)	
	As at 31 st March 2021	As at 31 st March 2020
Not later than 1 year	7.01	6.55
Later than 1 year and not later than 5 years	11.81	14.66
Later than 5 years	-	-
Total undiscounted lease liabilities	18.82	21.21

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 those options.

Consolidated Notes to the Financial Statements

for the year ended 31st March 2021

41. Acquisition of subsidiary:

During the year, the Company's subsidiary Ampere Vehicles Private Limited ("Ampere") acquired 74% stake in Bestway Agencies Private Limited ("Bestway") for ₹ 7 crore with an option to purchase the remaining 26%. The acquisition cost includes non-compete fees of ₹ 2 crore.

The results of Bestway operations have been consolidated by the Group from the consumation date 14th July, 2020 on a line by line basis.

(₹ in Crore)

(a) The fair values of assets and liabilities recognised as a result of the acquisition are as follows:	
Tangible assets	1.07
Right-of-use assets	3.89
Intangible assets	0.25
Intangible assets- acquired on acquisition	13.49
Inventories	8.48
Trade receivables	0.01
Other financial assets and current assets	5.78
Provisions	(0.98)
Trade payables	(4.11)
Other financial liabilities and current liabilities	(4.92)
Cash and cash equivalents	0.21
Borrowings	(31.49)
Deferred Tax liabilities	(2.52)
Fair value of net asset/(liabilities) acquired	(10.84)
(b) Calculation of Goodwill:	
Fair Value of retainer interest	5.00
Non-controlling Interest (recorded as liability)	1.76
Add: Fair Value of net (assets)/liabilities acquired	10.84
Goodwill on acquisition	17.60

(c) Impact of acquisitions on the results of the Group:

Revenue and Loss for the year ended 31st March 2021 includes ₹ 40.51 crores and loss of ₹ 1.28 crores respectively pertaining to acquisition made during the year.

(d) Change in fair value of liability recognised to acquire balance stake:

Based on the revised valuation as at the year end, the fair value of obligation of ₹ 1.76 crores for acquisition of balance stake increased to ₹ 5.94 crores. The incremental value of ₹ 4.18 crores has been charged to the Statement of profit and loss.

42. The figures for the corresponding previous period have been regrouped wherever necessary, to make them comparable with the figures of the current period.

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Mukesh Jain

Partner

Dalpat Jain

Group Chief Financial Officer

Atindra Basu

Company Secretary & Head Legal

For and on behalf of the Board

Kewal Handa

Director

DIN : 00056826

Nagesh Basavanhalli

Managing Director & Group CEO

DIN : 01886313

Mumbai, 4th May 2021

Information On Subsidiary Companies

(₹ in Crore)

	Net Assets		Share of Profit or Loss		Share of Comprehensive Income		Share of Total Comprehensive Income	
	As % of Consolidated net assets	₹ in Crore	As % of Consolidated profit or loss	₹ in Crore	As % of Consolidated profit or loss	₹ in Crore	As % of Consolidated profit or loss	₹ in Crore
Greaves Cotton Limited	101.24%	792.21	-4.21%	0.79	98.98%	0.97	-9.89%	1.76
Greaves Leasing Finance Limited	0.47%	3.70	4.58%	(0.86)	0.00%	-	4.83%	(0.86)
Dee Greaves Limited	0.03%	0.21	0.00%	(0.00)	0.00%	-	0.00%	(0.00)
Ampere Vehicles Private Limited	1.08%	8.48	92.81%	(17.43)	1.02%	0.01	97.87%	(17.42)
Bestway Agencies Private Limited	-2.82%	(22.09)	6.82%	(1.28)	0.00%	-	7.19%	(1.28)
Minority Interest in all subsidiaries Associates (Investment as per the equity methods)	0.00%	-	0.00%	-	0.00%	-	0.00%	-

For and on behalf of the Board

Kewal Handa

Director

DIN : 00056826

Dalpat Jain

Group Chief Financial Officer

Atindra Basu

Company Secretary & Head Legal

Nagesh Basavanhalli

Managing Director & Group CEO

DIN : 01886313

Mumbai, 4th May 2021

[illegible]

[illegible]

GREAVES

GREAVES COTTON LIMITED

www.greavescotton.com