



“Greaves Cotton Q3FY14 Earnings Conference Call”

February 05, 2015



MODERATORS: MR. SUNIL PAHILAJANI – MD & CEO, GREAVES COTTON
MR. NARAYAN BARASIA – CHIEF FINANCIAL OFFICER, GREAVES COTTON

Moderator

Ladies and Gentlemen, Good Day and Welcome to the Greaves Cotton Limited Q3 FY15 Results Conference Call. We have with us today on the call Mr. Sunil Pahilajani – Managing Director & CEO; and Mr. Narayan Barasia – CFO. As a reminder, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference to Mr. Sunil Pahilajani. Thank you and over to you Sir.

Sunil Pahilajani

Good Afternoon ladies and gentlemen. Thank you for joining this earnings conference call. As far as business environment is concerned, there was some improvement during the quarter gone by. Automotive engines and gensets have already started showing growth in volume. Farm equipment is yet to show a sign of recovery in view of government subsidiary etc. But overall growth is there. Our main focus remains in new customer development, new business development, product development, and expanding our channel through various new geographies. We have been able to show higher bottom-line growth in view of our ongoing efforts on material cost reduction, overhead cost reduction and better financial controls. We have shown significant improvement in working capital as you may see and we have maintained our market share in all key segments. At the same time, as mentioned during past few quarters, we have been strengthening our R&D for new product development and strengthening our distribution and service network. So overall the quarter has been good for us. And with this I hand over to my colleague Narayan to take you through the financial results.

Narayan Barasia

Thank You Sunil. Good Afternoon and thank you very much for joining this quarterly earnings call. I hope you got a copy of our quarterly earnings update document. It has also been uploaded on our website. I will be taking you through the financial results of Greaves Cotton Limited for the third quarter. As you may be aware, infrastructure equipment business was discontinued during the year and hence we should exclude infrastructure equipment business to understand the true performance of the company.

The net revenue for the company for the quarter stood at Rs. 431 crores as against Rs. 423 crores in the same period last year, thereby recording a growth of 2%. However, the net revenue excluding infrastructure business has grown by 6% on the year-to-year basis for the quarter. The material cost reduction and value engineering initiatives are giving good results. The material cost further reduced by 50 basis points for the quarter ending December 2014. Employee cost and all other expenses were also well in very tight control.

Operating profit for the quarter is recorded at Rs. 39 crores as against Rs. 36 crores for the same period last year, a growth of 8% on the year-on-year basis.

However, the operating profit excluding loss from infrastructure equipment business for the quarter is at Rs. 45 crores as against Rs. 40 crores for the same period last year, thereby recording a year-on-year growth of 12%. Operating profit margin excluding infrastructure equipment business for the quarter thus has improved by 60 basis points to 10.6% during the quarter in comparison to the same quarter last year. The total loss from discontinued operations for the quarter is Rs. 41 crores which has resulted in PAT of Rs. 2 crores for the quarter against PAT of Rs. 38 crores for the same quarter of previous year.

So at this point of time, let me open the floor for your questions. Thank you.

- Moderator** Thank you. Ladies and gentlemen we will now begin question-and-answer session. The first question is from the line of Bhalchandra Shinde from B&K Securities. Please go ahead.
- Bhalchandra Shinde** What is the major reason behind the fall engines margins, from 16% to 15.4%?
- Narayan Barasia** There was some inventory write off owing to the emission norm upgrade in the gensets and the industrial engine business. Hence margins were bit lower. But if you look at the segment result after other expenditures, you will see there is a huge reduction in other expenditures and significant growth in the bottom-line.
- Bhalchandra Shinde** So was this one off case or is there still some inventory in gensets?
- Narayan Barasia** As I mentioned in my opening remarks that the operating profit margin has improved in the business. So certainly we do not expect the one time issue to come in the future.
- Bhalchandra Shinde** Okay. So Sir from the next quarter onwards, will there be a sales inclusion infrastructure equipment and on losses on the segmental results?
- Sunil Pahilajani** As far as infrastructure manufacturing facility and set up is concerned, we have wound up. We have intension to have presence in market through route of contract manufacturing, continue using our brand, continue to use our intellectual property and our position and channel etc. Hence I cannot say that we will close or we will not have business. So we will have business but then it may not be any more manufacturing base for Greaves Cotton. Hence we will do business if it is profitable and substantially viable otherwise we will not.
- Bhalchandra Shinde** Sir and regarding some numbers in engines. If you can give automotive, gensets and pump sets numbers vis-à-vis also last year's same quarter number?
- Narayan Barasia** So overall auto engine business was about 100,000 and it was almost close to 100,000 last year. In pump sets, we have seen a very significant growth. So we

have done about 30,000 pump sets in this quarter while about we did 20,000 pump sets in the last quarter. In gensets, in the segment we operate up to 500 kv, the market declined about 13%. We are maintaining the same market share and also degrew by 13% in terms of volume.

- Moderator** Thank you. The next question is from the line of Swarnim Maheshwari from Edelweiss. Please go ahead.
- Swarnim Maheshwari** Sir within the engine segment, if you can further share the break-up between 3W and 4W segment?
- Narayan Barasia** 3W volume was at 90,000 this quarter, growth of 6% while 4W declined by 20%-25% with 11,000 volumes.
- Swarnim Maheshwari** In the nine months, if you look at 4W volume, I think that has been declining by almost around 20% to 25%?
- Narayan Barasia** Yes.
- Swarnim Maheshwari** Okay. And how is it like if we compare this with the industry?
- Narayan Barasia** Our market share is around 85% to 90%. And the segment is de-growing.
- Moderator** Thank you. The next question is from the line of Bhargav Buddhadev from Ambit Capital. Please go ahead.
- Bhargav Buddhadev** Sir on the infrastructure business, just wanted to understand what could be the reason for this exceptional loss of about Rs. 40 crores? We were under an impression that all the losses were booked in Q2. But Q3 again there is an exceptional loss. Is this going to continue or is this last quarter where in this gets booked?
- Narayan Barasia** During the quarter, we were not able to fetch the cost price for some machineries and inventories. Hence there was some kind of impairment which we had to incur. Largely, it has been now taken care off and so we do not expect any significant amount of hit in future.
- Bhargav Buddhadev** And Sir with regards to EBIT loss of Rs. 7 crores in Q3, how is the run rate likely to be in future?
- Narayan Barasia** We do not expect losses. But to the extent of overheads, probably the losses may continue.
- Bhargav Buddhadev** There were some news articles about Greaves possibly being selected by Eicher Polaris for a 600 cc four wheeler engine. Any updates from your side?

- Sunil Pahilajani** So far we have nothing to say because we have been talking to several customers and until we have tied up or we have agreed or contracted, we may not be able to share.
- Bhargav Buddhadev** You highlighted in your opening remarks that you have been working on R&D for some product development. So would that product be something on this lines or it could be something else as well?
- Sunil Pahilajani** Most of the automotive OEMs in SUV segment can be served through our portfolio of products. We are offering each and every customer.
- Bhargav Buddhadev** In FY16, can we expect some progress on this front or is there any visibility?
- Sunil Pahilajani** Yes, we hope so.
- Bhargav Buddhadev** So you hope that possibly you could sign up some new OEM which could open up a new market for you?
- Sunil Pahilajani** Possibly, yes.
- Bhargav Buddhadev** Lastly on 3W portfolio, the price difference between petrol and diesel is coming down. So just wanted to know is this a risk as far as Greaves is concerned? I mean do you envisage 3W market shifting more towards petrol from diesel?
- Sunil Pahilajani** Pricing has its own cyclicity. I do not think there will be shift from diesel to petrol because the power requirement of 3W with the diesel engine is different from than petrol engine. Petrol engines are for small 3Ws. We offer diesel engines, which has higher power and serves to the larger vehicle. Hence I don't think that one will not replace other probably.
- Bhargav Buddhadev** Okay. And is there a case of diesel replacing CNG anytime or that looks unlikely? I mean in several cities, CNGs are also used.
- Sunil Pahilajani** CNG is being used to meet the emission requirement of particular city and is not cost sensitive. Hence I do not think so.
- Bhargav Buddhadev** What could be our market share in CNG engines?
- Sunil Pahilajani** In terms of data, I don't have the same at this moment. But it is a small percentage because it is just Delhi or may be some couple of city where we sell and it is a small number actually.
- Bhargav Buddhadev** Okay. In CNG, is it the case that the OEMs manufacture engine by themselves?

- Sunil Pahilajani** No, it is same engine. It is version of CNG we offer. So there is no problem as far as our offering is concerned and OEMs do not manufacture any separate engine. It is same engine, same packaging, some differences are there.
- Bhargav Buddhadev** I understand you don't generally give any outlook on 3W/4W markets or on SCVs market. But do you think there is any scope of growth to improve in FY16? I mean when you talk to your OEMs, what is the kind of preparedness they are expecting from your side?
- Sunil Pahilajani** Yes, I can say that we see two things. One, we see overall market size growing marginally. Growth rate, as you see of 3W & small 4W segment is in single digit today. That should continue is what we hope. And second, as a company we are working to get new accounts and new customer to capture better market share.
- Moderator** Thank you. The next question is from the line of Srinath Krishnan from Sundaram Mutual Fund. Please go ahead.
- Srinath Krishnan** In your initial comment you have mentioned about inventory write off in gensets business too. How much is that?
- Narayan Barasia** About Rs. 5 –Rs. 6 crores.
- Srinath Krishnan** Sir with regards to your construction equipment business, I wanted to clarify that you will continue to be in the space of contract manufacturing?
- Narayan Barasia** Yes. We will continue through trading and contract manufacturing. We have exited this as a business from having a manufacturing facility of our own.
- Srinath Krishnan** But for contract manufacturing, how will you manufacture the products? If you are going to sell your facility how will it work?
- Narayan Barasia** We have been manufacturing various products. Hence we own the technology. Now once we discontinue the manufacturing, we still own the technology and knowhow. So we can license or give that knowhow to different manufacturers who may do it in a competitive way meeting our quality standards. And if it is profitable for us to buy and distribute through our channel, we will sell the same.
- Srinath Krishnan** Okay. And Sir lastly in the capital employed, what is unallocable corporate assets including investments? It has been on increase since last year.
- Narayan Barasia** So this will include surplus cash we carry on the books. This is increasing because we have been talking about reducing working capital continuously in the business. So the working capital reduction is getting a form of surplus cash which has been lying in the other unallocable corporate assets.

- Moderator** Thank you. The next question is from the line of Sanjeev Zarbade from Kotak Securities. Please go ahead.
- Sanjeev Zarbade** Can you share outstanding inventory in the infrastructure equipment business?
- Narayan Barasia** The inventories have reached to insignificant levels now.
- Sanjeev Zarbade** You were also saying about some overheads remaining in the construction equipment division. What could that be on the quarterly basis?
- Moderator** Thank you. The next question is from the line of Ashutosh Tiwari from Equirus. Please go ahead.
- Ashutosh Tiwari** You did mention that the closed operations had about Rs. 40 crores of revenue and Rs. 116 crores of cost which is Rs. 76 crores of losses in the nine months. Does this also include exceptional losses Rs. 56 crores which you have reported?
- Narayan Barasia** Yes it includes the exceptional losses.
- Ashutosh Tiwari** You also mentioned that the overheads would come around Rs. 1.5 crores per quarter. What this relates to then?
- Narayan Barasia** There are still some people who are helping us to liquidate the old inventories. So this Rs. 1.5 crore is about those small overheads which we are still continuing on our books.
- Ashutosh Tiwari** In engine segment, there is some write off of 5 crores to 6 crores. Is it related to inventory of gensets?
- Narayan Barasia** Yes.
- Ashutosh Tiwari** So what exactly was this? And is it part of above EBITDA?
- Narayan Barasia** You are aware of the emission norm upgrade which happened during the current year. Hence because of that, some raw material inventory became unusable. So this has been provided for and it appears as an exception item.
- Ashutosh Tiwari** If I look at this quarter segmental, there is others of around 10 crores and then there is a loss in that of roughly around a small amount. What is that exactly?
- Narayan Barasia** This pertains to a small trading business which we do and this loss is because of the foreign currency movements.
- Ashutosh Tiwari** Okay, so this is a one off precisely.

- Narayan Barasia** Yes.
- Ashutosh Tiwari** The other expenses have increased Q-on-Q despite the fact that sales has come down. So what is the reason for that?
- Narayan Barasia** It is largely inflation and some overheads.
- Ashutosh Tiwari** If I look at segmental result, the engine PBIT margin has come down on a Q-on-Q basis. You also mentioned that write off is actually part of exceptional items. Then this decline is not because of write-off but something else. Can you please explain that?
- Narayan Barasia** In engine business if you look at a segment result, what you are saying is right. But if you exclude the unallocated expenditures, the operating profit in the business is actually going up.
- Ashutosh Tiwari** But actually the margins have come down even because there is a exceptional there. It was around 16% plus in the last quarter it is 15.4% now.
- Narayan Barasia** Let us start from the raw materials. If you look at the material costs, it has reduced by 60 basis points. Employee cost has also come down and there is a slight increase in other expenses. So if you look all the three put together, the operating profit in the business has increased.
- Moderator** Thank you. The next question is from the line of Sandeep Tulsian from J M Financial. Please go ahead.
- Sandeep Tulsian** Sir my first question is on the infra segment. You mentioned that you will retain the trading business and also the aftermarket sales would essentially remain with the company. Am I correct in that?
- Sunil Pahilajani** You are absolutely right.
- Sandeep Tulsian** How much sales do you expect by these components which will recur going forward?
- Sunil Pahilajani** It will be difficult to give that projection because we are reorganizing our business and it may take us six months to reorganize things and gradually come back to track. Most important is this will be very clean and profitable business and with no risk or overheads at our end. We will be exploiting our IPR and knowhow to continue and serve market. So in terms of numbers, it is too early to say. May be by next year first quarter we can discuss that.
- Sandeep Tulsian** Okay. But margins would obviously be on the lower side, right? Because essentially if it is a trading business, you may expect some high single-digit kind of margins.

- Sunil Pahilajani** No, return on capital will be significantly good. Also margin may or may not be mediocre because there will be some amount of international and domestic business as well. So it depends on which markets we serve and how we position and procure.
- Sandeep Tulsian** Post CPCB II, the prices were initially fluctuating. Dealers and markets were not accepting the higher prices.
- Narayan Barasia** Yes, as you see we have launched only some models and the price increase was in the range of 10% +/- 5%. So I think things will stabilize by Q1.
- Sandeep Tulsian** So which nodes are pending? If you could just give us some information on that?
- Narayan Barasia** 250 KV yet to be launched. 500 KV is being launched this month. Month-on-month we are adding various nodes.
- Sandeep Tulsian** Okay. So that is the reason why our gensets sales would have been lower in this quarter?
- Narayan Barasia** Yes but it should be fine in Q4.
- Moderator** Thank you. The next question is from the line of Viraj Kacharia from Security Investment Management. Please go ahead.
- Viraj Kacharia** One question on power tillers. Can you give me the volume for Q3 and for nine months?
- Sunil Pahilajani** Power tiller business for the industry has declined quite significantly in this quarter particularly because of subsidy. So the volume has been about slightly lower than a 1000 units for this quarter.
- Viraj Kacharia** Slightly lower than 1000, and what will be the figure for nine months?
- Sunil Pahilajani** Nine months, I do not have the numbers readily available here but it was on a declining trend.
- Viraj Kacharia** So year-on-year basis, what will be the growth rate in tillers?
- Narayan Barasia** So Q3 versus Q3 I think it is almost flat.
- Viraj Kacharia** And any change in the subsidy environment that you see at the ground level for tillers? We did talk subsidy being one of the major issues in the last concall.
- Sunil Pahilajani** We are not seeing any changes. But we expect that the things should change as we go ahead.

- Moderator** Thank you. Our next question is from the line of Nikhil Deshpande from Sharekhan. Please go ahead.
- Nikhil Deshpande** Sir, this is referring to your segmental results. In unallocable expenditure, you have shown other expenditure net of other income at roughly Rs. 11 crores. What is the trend going forward? Is this run rate going to continue and how much of this and other expenditure is for the construction equipment division?
- Narayan Barasia** The unallocable expenditure has nothing to do with infrastructure equipment. Infrastructure equipment overheads are part of segment results itself. These are largely corporate overheads and all other overheads which could not had been allocated to the segment. In terms of this number, this should continue.
- Nikhil Deshpande** What is your CAPEX guidance for this year and next year? Could you split between product development and fiscal assets?
- Narayan Barasia** We had indicated during the start of the year that capex requirement would be to the tune of Rs. 100 crore for current year, largely for R&D and product development. For next year perhaps we will be able to give some idea in the first quarter.
- Moderator** Thank you. Our next question is from the line of Bharat Sheth from Quest Investment. Please go ahead.
- Bharat Sheth** Sir post CPCB II norms, we say that we are one of the most cost effective player in gensets industry. We were also expanding our product portfolio and were expecting to gain market share. So can you give some sense on how is it really working?
- Sunil Pahilajani** It is exactly same as we said. We have good cost position but that does not mean that we sell it cheap. And at the same time we have been launching products node-by-node. We are targeting pan India market plus the global international distribution also.
- Bharat Sheth** How has been the performance of product based on acceptance from the customer vis-à-vis that of electronics?
- Sunil Pahilajani** It has been is excellent because simple solution is easy to maintain and is cost effective for the customers also. So feedback is excellent.
- Bharat Sheth** The other operating income has also gone down. What is the reason for the same?
- Narayan Barasia** There was some profit on the assets which we sold last year. It is not there in the current year and that is the reason you are seeing a decline.

- Bharat Sheth** How was the performance of your aftermarket business?
- Sunil Pahilajani** Aftermarket is doing pretty well for us. We are investing behind our strengths in aftermarket. So this business should continue to do well for us as we go along in future.
- Bharat Sheth** What was the growth rate in this business?
- Narayan Barasia** It grew around 11%.
- Bharat Sheth** So that has also helped us in improving EBITDA?
- Narayan Barasia** Yes, absolutely yes.
- Bharat Sheth** And currently it is around 17%, correct?
- Narayan Barasia** Yes, 17% of turnover.
- Moderator** Thank you. Our next question is from the line of Ashish Kumar from Infinity Alternative. Please go ahead.
- Ashish Kumar** With the reduction in the commodity prices, how do you expect the margins going ahead?
- Sunil Pahilajani** We have back to back arrangement with customers for the commodity price fluctuation. So we do not see this affecting our margin substantially. There is only a phased difference in terms of timing for one quarter or so.
- Ashish Kumar** And the second question was that with the large amount of cash which we are sitting on the balance sheet I think you have done a great job in the working capital management. Is this a onetime improvement in the working capital and going forward it may not be sustainable? Is there something planned in terms of board looking for special dividend or something like that?
- Narayan Barasia** I think the assumption may not be very appropriate to say that it is one time. It is a ongoing improvement and you may see it going on during next few years because the company is tightening its financial management and policies. We are able to perform and it will continue. Moreover this gives us a lot of headroom for growth.
- Ashish Kumar** Sir in terms of growth, are there any other segments that the company is planning to enter into?
- Sunil Pahilajani** So I think last two years I have been discussing with you and other investor colleagues that we have two-pronged approach. One is exit loss making businesses or get out of all the things which affect our financial management or our profitability. Second is to invest into new products, new geographies,

and new markets. So I think we have been doing both and they are giving results. On one hand we are tightening our management to bring more cash, closing down businesses like infrastructure or loss making German entity. So in a way we have closed down all loss making businesses now. Secondly we have entered into development of many products, some of which are under development, some are under finalization and some are in pipeline. So that is where we are investing and eventually those will result into new solutions for existing as well as new customers. All these will give us growth.

- Moderator** Thank you. We have a follow-on question from the line of Bhargav Buddhadev from Ambit Capital. Please go ahead.
- Bhargav Buddhadev** Sir you highlighted improvement in working capital. So is it possible to quantify in terms of what could be the cash generation for 9MFY15 compared to 9MFY14?
- Narayan Barasia** Working capital from December 2013 to December 2014 has reduced by over 100 crores.
- Bhargav Buddhadev** And I mean in terms of specific details? Would it be possible to know where this improvement has come from? Either debtor or inventory days?
- Narayan Barasia** We have tightened both inventory as well as debtors but the larger part is in debtors.
- Bhargav Buddhadev** Can we know what are the inventories are and debtor days as on December 2014 and what was it at December 2013?
- Narayan Barasia** I do not have the numbers here but debtor days will be in the range of about 50 days and inventory days should be around 40-45 days. A year ago, debtor days were almost 75-80 days while inventory was in the range of about 50 days.
- Bhargav Buddhadev** And why do we say that this is sustainable?
- Narayan Barasia** So inventory is a function of supply chain. If the supply chain is tightened, the inventory automatically comes down. Hence we are now bringing in good processes and better way of managing inventory, trying to shorten the inventory cycle which is helping us to reduce inventory. Similarly on debtors it is all about managing tightness with the customers and that has helped us to realize our money faster in the market.
- Bhargav Buddhadev** Okay. And last bit on gensets. Would you like to share the kind of investments that you have done in strengthening your employee strength? I believe a lot of recruitment might have happened in the gensets business. Also, what could be the roadmap in to double your gensets revenues in three years' time?

- Sunil Pahilajani** The cost of recruitment is very small.
- Bhargav Buddhadev** What kind of confidence can you give us that you will double gensets business in three years' time?
- Sunil Pahilajani** The confidence level is very high and I am saying this based on various factors. One, our new range of products is benchmark against competition and based in terms of performance and simplicity of design. Second, we have more headroom in terms of margins to play. Third, we have strengthened our aftermarket service network. Fourth, we have now extended and established our international network. And fifth is we are now working aggressively on branding and promotion. So all these things put together we have extremely good confidence.
- Bhargav Buddhadev** And Sir as the share of gensets revenue increase, do you expect margins to remain at these levels or margins in gensets are lower compared to the auto business?
- Sunil Pahilajani** Margins at this moment are lower. But henceforth we expect margins improve.
- Bhargav Buddhadev** So in FY16 you could see some improvement in margins as well in gensets?
- Sunil Pahilajani** Absolutely.
- Bhargav Buddhadev** And what could be the difference as of now, broadly?
- Sunil Pahilajani** That is difficult to say but it will improve substantially with our new range of products.
- Moderator** Thank you. Our next question is from the line of Hemant Kapasi from Canara Robeco. Please go ahead.
- Hemant Kapasi** With the reduction in diesel prices, are we seeing demand for gensets increasing on the ground?
- Sunil Pahilajani** As I said, the fuel prices are cyclical. So we have no idea but then gensets sales so far continue to be same.
- Hemant Kapasi** On your working capital side, is the improvement largely because of the infrastructure segment? Because the terms opted would be worse there.
- Narayan Barasia** No, it is all across our businesses. So even if you look at the segment on the engines the capital has come down as well there.
- Moderator** Thank you. We have a follow-on question from the line of Bhalchandra Shinde from B&K Securities. Please go ahead.

- Bhalchandra Shinde** For which segment are we targeting OEMs? Can you give the ballpark number of OEMs you think will get signed in next one to two years?
- Sunil Pahilajani** We have solutions available offer for complete SCVs segment which is up to 3.5 tons load. We have diesel as well as CNG engines options. We have been talking to various automotive clients across the country as well as some overseas clients. We should be able to have some more new accounts in the years to come. But to give ballpark number will be very difficult. But let's see, as we keep having certain news we will share.
- Bhalchandra Shinde** If may I ask this way that how much you target to grow in next two-three years by new customer addition?
- Sunil Pahilajani** Through new customer addition, we should grow by at least 15%-20% annually. That is our wish and let's see how much we can achieve.
- Moderator** Thank you. We have follow-on question from the line Swarnim Maheshwari from Edelweiss. Please go ahead.
- Swarnim Maheshwari** Sir just wanted to know what is our current capacity utilization in this point in time?
- Sunil Pahilajani** Around 70%.
- Swarnim Maheshwari** And Sir if my understanding is correct, we would be doing roughly around 4 lakhs engines on an annual basis at this point in time?
- Sunil Pahilajani** Yes, you are right.
- Moderator** We have follow-on question from the line Viraj Kacharia from Security Investment Management. Please go ahead.
- Viraj Kacharia** Just had a follow-up question on tillers. You said we have degrown on year-on-year and even on quarter-on-quarter basis. So how was the overall market performance for that segment?
- Narayan Barasia** Power tiller is a very subsidy driven market and it directly gets impacted by the subsidy release. The subsidy release has been slightly slower this financial year and hence the sale was impacted during the year.
- Viraj Kacharia** So any rough indication of how the market has performed in terms of growth?
- Narayan Barasia** As mentioned earlier, the market is down by about 10% to 15%.
- Viraj Kacharia** 10% to 15% for the market and for us we would be?

- Narayan Barasia** We are almost in-line with the market and hence our market share was absolutely constant in the range of about 20%.
- Viraj Kacharia** Now we are seeing new players entering in the segment. We did in the past highlighted that agri is also one of the key growth drivers. Now in overall scheme of things, what are our plans? Are we planning to introduce new products like on the mini-tractor side?
- Sunil Pahilajani** We have been continuously investing behind product development in agri and hence lot of light and heavy equipments are getting rolled out in the market. We are indigenizing a lot of products which we were trading and this should improve our product quality as well as the stability of the product in the market and drive growth of the business in future. So yes we are investing behind farm equipment continuously.
- Moderator** Thank you. Our next question is from the line of Jayesh Gandhi from Harshad Gandhi Securities. Please go ahead.
- Jayesh Gandhi** Sir I want to know the revenue mix in engine segment?
- Narayan Barasia** So gensets and pumps are roughly 15% each.
- Jayesh Gandhi** What is the market share in gensets and pumps?
- Narayan Barasia** Around 8% is the market share in gensets. We are the market leaders in the petrol kerosene pumpset with more than 60% market share.
- Jayesh Gandhi** Okay. And Sir in automotive segment, since our volume in 4Ws is continuously coming down, do we have a strategy to increase it or are we focusing more on 3Ws only?
- Sunil Pahilajani** There are two points to understand in this. One, our large customer in 4Ws being Tata Motors and our dependence is on their volume. And second point is that with our new range, new solutions coming in we are likely to add more and more 4Ws customers. So that will perhaps help us.
- Jayesh Gandhi** Okay. And any key area where we are focusing for growth Sir?
- Sunil Pahilajani** We are working on different areas for growth. So there is a growth strategy for next three years plus next six years. Also for every business segment, there is a definite plan to grow and we are working and investing into that strategy. That is why I said that we are working on new products, new solutions and new channels. We exited from loss making businesses from that point of view and have tightened our financial management to generate more cash. So all these are drivers towards only one goal, to make company strong and very profitable.



Greaves Cotton Ltd.
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Moderator Thank you. Ladies and Gentlemen, that was the last question. I will now like to hand the floor over to Mr. Narayan Barasia for closing comments.

Narayan Barasia So thank you very much for attending this session and we appreciate your continued interest in the company. Thank you very much.

Moderator Thank you. Ladies and Gentlemen, on behalf of Greaves Cotton Limited this does conclude today's conference call. You may now disconnect your lines.