



**Greaves Cotton Limited Q1 FY-16 Earnings Conference Call
July 31, 2015**

Moderators:

Mr. Sunil Pahilajani - MD & CEO, Greaves Cotton Limited.

Mr. Narayan Barasia - CFO, Greaves Cotton Limited.

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Moderator: Ladies and Gentlemen, Good Day and Welcome to the Greaves Cotton Limited Q1 FY-16 Earnings Conference Call. We have with us today on the call Mr. Sunil Pahilajani – MD; and Mr. Narayan Barasia – CFO. As a reminder, all participants' lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sunil Pahilajani. Thank you. And over to you, Sir.

Sunil Pahilajani: Ladies and gentlemen, good morning. This is Sunil Pahilajani from Greaves Cotton and thank you for joining this conference call of quarter one Greaves Cotton.

Our business this quarter has shown some positive signs of revival. Our engine business overall including automotive and non-automotive has shown growth. Only business where we struggled is farm equipment business which has affected our top-line. It is due to various factors in country including subsidy, rainfall and crop situation. We have continued to bring our focus on new customer development, new product development and extending our presence in new geographies.

You have launched a range of products month on month including our multi-cylinder engine. We have also announced for new account for which I had promised over last two years. We have done extremely

well in terms of profit protection by doing all the right things and shown substantial increase in profitability. If you see from any factor be it material cost, overhead cost, financial cost or working capital has been tightened significantly. We have maintained our market share in all the key segments. Only the top-line is affected, as I mentioned due low farm equipment sale.

I would also like to tell you that we continue to invest to strengthen our R&D and new product line. We are strengthening our distribution network and channel and extending our penetration in markets all across. In some of the businesses we have grown substantially, much higher than the market.

With this, I handover to my colleague Narayan Barasia to take you through the financial results.

Narayan Barasia: Thank you Sunil. Very good morning to you and thank you very much for joining this conference call. I hope you got a copy of the quarterly earnings update document. So I will take you through the financial results for Greaves Cotton Limited for the first quarter April to June 2015.

You must be aware we have completely discontinued the manufacturing operations of infrastructure business.

The net revenue for the company for the quarter is recorded at Rs. 381 crores as against Rs. 423 crores in the same period last year thereby recording a decline of 10%. However, the net revenue excluding discontinued manufacturing operation in infrastructure business has declined only by 4 percentage point on year-on-year basis for the quarter ended 30th June, 2015.

The material cost reduction and the value engineering initiatives are giving good results, employee cost and all other expenses were in very tight control. Hence, the PAT for the quarter is reported at 43 crores against 28 crores for the same quarter previous years thereby recording a growth of 54%. So at this point of time, let me open it up for your questions. Thank you.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. Our first question is from Bhalchandra Shinde from B&K Securities. Please go ahead.

Bhalchandra Shinde: Can you provide three wheelers volumes, LCV and gensets and farm equipment versus last year.

Narayan Barasia: So the volumes for three wheeler is 70,000, four wheeler is about 9,000. The pumps put together is about 15,000.

Bhalchandra Shinde: Our other expenses were comparatively lower than on the normal basis of 40 crores - 43 crores. Is there any one-off or was it largely because of lower provisioning and all the other factors?

Narayan Barasia: It is because of the tighter control on the expenditures of the company. So there are no one-off items here.

Bhalchandra Shinde: So we will maintain these kinds of other expenses?

Narayan Barasia: We hope to maintain these.

Bhalchandra Shinde: We have tied-up with Eicher Polaris for multi model. What they are estimating is that they will probably sell around 60,000 units this year and around 1,20,000 units next year. I would like to know the engine characteristics. Will it be higher in realization the normal three wheelers and engine and do you see that kind of potential which Eicher motor is stating?

Sunil Pahilajani: For Eicher, we are starting with our single cylinder engine 510 and then we are going to participate with them in future models as well. So it is ongoing journey and we have made an engine for their requirement in a very efficient manner. It's a different application. We are very positive about this relationship because Eicher and Polaris both are great companies. Though we cannot forecast about their business projection but both are great companies we can trust and hope.

Bhalchandra Shinde: Is there an agreement in Eicher? Or is this on test basis? I mean have they complied anything that they will continue to use our engines for their automobile manufacturing?

Sunil Pahilajani: It will be difficult to comment but you must know generally that a vehicle is designed based on a engine. And vehicle and engine live together forever. So it is not a question of agreement. It is a mutual dependence on both parts and cannot have one without other. So it is always a long-term relationship.

Bhalchandra Shinde: About the margins improvements in engine segment, any outlook. Why exactly the margins have improved by around 160 bps in engine segment?

Narayan Barasia: You have seen that almost each and every cost had has been tightened and efficiency has been improving and material cost through innovation has been reducing so it is a combination of all these factors.

Bhalchandra Shinde: And even the sales mix, was the sales mix the factor for the margin improvement?

Narayan Barasia: Sales mix is not a factor. It is all about material cost reductions, overheads reduction and tight control on the expenditure of the company.

Moderator: Thank you. Our next question is from Bhargav Buddhadev of Ambit Capital. Please go ahead.

Bhargav Buddhadev: Now that the infrastructure business losses are out, can we extrapolate the Q1 margins as a trend going forward? Second, if you could share the comparative figures for same quarter last year as well in the four business segments - three wheeler, SCV, gensets and farm equipments it would be helpful and third, have you taken any price cuts for our engines both in gensets as well as three wheeler, SCV given the softer raw material cost.

Sunil Pahilajani: In terms of future projection we cannot comment. But we are always transforming for the better. All loss making businesses are over. In terms of profitability it is being tightened now as you see quarter-on-quarter year-on-year. There is no price cut on material or input cost. But there has been a lot of innovation and efficiency improved.

Bhargav Buddhadev: So sir this is applicable for both gensets as well as your auto portfolio right?

Sunil Pahilajani: This is in general across the company.

Bhargav Buddhadev: You had given figures for first quarter '16 for three wheeler 70,000 engines or so what was the same quarter last year number?

Narayan Barasia: It was 70,000 for three wheeler and 11,000 for four wheeler. 81,000 in total.

Bhargav Buddhadev: And for genset and farm equipments?

Narayan Barasia: Farm was a total of 21,000 last year Q1.

Bhargav Buddhadev: And gensets?

Sunil Pahilajani: Genset was about 550 units and now it is about 500 units.

Bhargav Buddhadev: Would it possible to now the realization for the engines which are going to get supplied for the Eicher Polaris vehicle? Will it be higher as compare to the realizations for Tata Motors SCVs or in line with that?

Sunil Pahilajani: It cannot be different. There are costing norms in market and we go by that so you can assume almost same level as we have for our present range of vehicles. It is not comparable with Tata Motors or Piaggio in specific but I am talking in general.

Bhargav Buddhadev: Is there any CAPEX plan given this new tie-up so are we looking at any new assembly line?

Sunil Pahilajani: No, there is no significant CAPEX plan for it. We have already designed and developed engine and that CAPEX has already been incurred and we have to start investing in any new engine program two years or three years in advance so that is already done and there may be small modifications which may go on.

Bhargav Buddhadev: What is the plan for deployment of this cash because your unallocated capital employed seems to have surged by 21% this quarter and unallocated capital employed is about 400 crores.

Narayan Barasia: That is fuel for growth and if we have sufficient fuel we can think of growth accordingly.

Moderator: Thank you. Our next question is from Ashutosh Tiwari of Equirus Securities. Please go ahead.

Ashutosh Tiwari: You mentioned that despite this raw material price reduction there is no price cut. How does this work with OEMs?

Narayan Barasia: So there is always adjustment on commodities there is lag in phase difference in timing but then the commodities are very well adjusted. But we go beyond that and innovate, design and develop to reduce our input cost.

Ashutosh Tiwari: The margins you achieved in say Indian segment for the quarter is it normal margin or is it because the raw material price correction would come with a lag so margin might go down a bit into the next quarter?

Narayan Barasia: No, I think you should treat this as normal because even that adjustment or some phase lag generally comes in the last quarter only.

Ashutosh Tiwari: How does pricing with OEM work? Is it a quarterly change or is it half yearly or annual?

Narayan Barasia: In the automotive industry it is a norm to discuss this once in a year.

Ashutosh Tiwari: How much was the spare parts growth in the current quarter versus last year and the sales contribution?

Narayan Barasia: So spare parts has grown by about 8% for the last year.

Ashutosh Tiwari: And its contribution to sales?

Narayan Barasia: Overall this is about 18%-19% of our total business.

Ashutosh Tiwari: If you look at other expenses on a quarter-on-quarter basis it has declined roughly 22% and in the last quarter the extra losses were 5.5

crores only. So does this happen in Q4 normally that those expenses are on the higher side as compare to normal quarters?

Narayan Barasia: Yeah, quarter four is definitely a better quarter than quarter one. But I think the right comparison will be to look at quarter one versus quarter one of last year.

Ashutosh Tiwari: If I look at your Annual Report you have mentioned that in the genset segment there could be some pricing pressure in the market. So are you witnessing this or is a normal thing?

Narayan Barasia: No, we are not seeing genset pricing under pressure. Market goes up and down but I think we have been able to improve our pricing over last year on the gensets.

Moderator: Thank you. Our next question is from Manish Goyal of Enam. Please go ahead.

Manish Goyal: Now that we have exited the construction equipment business and are some businesses de-growing, will you please give a revenue break-up in auto. Also, within auto, how much is OE sales and how much is spare sales?

Sunil Pahilajani: Roughly farm and genset business contribute to 15% each and after market is roughly 18%-19%, so auto is roughly in the range of 50% to 60%.

Manish Goyal: Would it be possible to give us a sense of OEMs we are working?

Sunil Pahilajani: So we are working with several OEMs. We have successfully announced work done for TVS six months ago now we have announced Eicher so you can see in last few quarters we have been announcing these one by one and I think at appropriate time we will make more announcement as we reach a point of success.

Manish Goyal: Can you give some clarity on the existing relationships we have with the OEMs in three wheelers and four wheelers.

Sunil Pahilajani: Existing OEMs are getting better all across because everyone is working on more and more programs and we are closely supporting them.

Manish Goyal: Definitely and last question on the exports. Last year we had seen some decline in export so how do we see it going forward?

Sunil Pahilajani: Three years ago we started at 1% of our revenue today we have already crossed say 4% of our revenue and we have mentioned that our target is to reach a level of 12% to 15% of revenue in next three years time.

Manish Goyal: And what will contribute? Which product?

Sunil Pahilajani: Almost all our products are being exported – Genset, farm equipment, industrial engines, automotive engines and aftermarket. Besides, our exports partly consist of products which we do not manufacture but are non-competing range so this is how we work.

Moderator: Thank you. Our next question is from Madanagopal of Sundaram Mutual Fund. Please go ahead.

Madanagopal Ramu: Was there any market share loss during the quarter for gensets? And general opinion in the market right now is our EGR product has been clearly accepted and probably we might benefit on that front but are you seeing attraction in your sales in this quarter? Also if you can give a brief outlook for next one - two years how are you seeing this business?

Sunil Pahilajani: Our market share is roughly 2% in the segment. Last year Q1 there was a change in the emission norms so we saw pre-buying. So we

have not lost any market share we have been able to maintain market share. In terms of potential to grow, our market share is so low that from here we can only grow there is hardly room to lose anything further. Operators have come out well, we have started demanding a good premium and positioning in the market.

Madanagopal Ramu: What kind of price increase have we taken in this post new norm?

Sunil Pahilajani: It is on an average 5% to 10%.

Madanagopal Ramu: Was the cost increase also inline or the price increase has been better than the cost?

Sunil Pahilajani: No, we have not seen such a high cost increase so we have been able to double up a solution which was very cost effective while we were able to get a good price increase so our margins actually expanded.

Madanagopal Ramu: Okay. What are we doing to increase our market share?

Sunil Pahilajani: We have strengthened our management and marketing team with very capable resources and state by state we are now taking on competition. You will see that progress coming in.

Madanagopal Ramu: Are we adding dealers if you can brief what are the economy numbers?

Sunil Pahilajani: Yes, we are adding to our distribution channel in every way not only dealers but distribution dealers, service points, aftermarket points et cetera and Greaves being a multi product company we are also leveraging our other network of other products which can be the composite dealer.

Madanagopal Ramu: Okay. And in the Annual Report you have mentioned that despite discontinuing the infra business you will continue to trade. If you can elaborate.

Sunil Pahilajani: We have partnered on some products which we will be selling which we are not manufacturing and which we are not competing. So we will continue to source some construction equipment, some gensets which we do not manufacture, some other engine products which we do not manufacture, just to complement our range and we will continue to sell those also. Because Greaves has a very strong brand, Greaves have very strong channel and Greaves have very capable services and after market support network so that gives confidence to customers and they prefer to buy through Greaves even the products we are able to offer which we do not manufacture.

Moderator: Thank you. Our next question is from Basudeb Banerjee of Antique. Please go ahead.

Basudeb Banerjee: And sir, as you said that this raw material to sales decline. So how much of that will be allocable to your commodity price decrease and how much will be due to mix improvement?

Sunil Pahilajani: As I said in my earlier call it was not a mix improvement it was largely because of the value engineering initiatives we have taken. Commodity price softening is now trickling in but still we need to get the benefits of that.

Basudeb Banerjee: Your capital employed engine this quarter has come down significant sequentially so, any reasons behind that?

Sunil Pahilajani: We have always been mentioning to our investors that we are working on capital reduction across the business and I think that is action which has been consistently been demonstrated over the last

four five quarters and so we are getting the benefit still in quarter one.

Basudeb Banerjee: So broadly to enhance the capital efficiency?

Sunil Pahilajani: Absolutely, you are right.

Moderator: Thank you. Our next question is from Swarnim Maheshwari of Edelweiss.. Please go ahead.

Swarnim Maheshwari: Sir, in the opening remarks you mentioned that the automotive engines has grown while the volumes given by you seems to be indicating that the volumes are however flattish. So I mean there was some price increase which we have taken?

Sunil Pahilajani: So yeah, price is definitely superior than last year. What we mentioned earlier that degrowth in business is because of farm equipment. In terms of volume you are absolutely right we have not seen growth, your point is absolutely right. As the economy improves as we go along we should start seeing the volume growth.

Swarnim Maheshwari: Okay. So sir what is the decline in the farm equipment business this quarter absolute decline as in percentage decline?

Narayan Barasia: So we did about 20,000 - 21,000 quarter one last year and this year it was about 15,000.

Swarnim Maheshwari: Yeah, that is on the volume side and broadly the same would be on the overall revenue side also, right?

Narayan Barasia: It should be yes, broadly the direction should be the same. There is obviously some price increase over last year so, you need to adjust for that some price increase there.

Swarnim Maheshwari: Okay. And sir one more thing, the SCV industry during Q1 has declined by around 6% to 7% so that means actually we have done better than the industry trend then.

Management: Yes, to that extend you are right but four wheeler declined a bit is not it?

Swarnim Maheshwari: Yeah, four wheeler decline a bit. Yeah, right.

Moderator: Thank you. Our next question is from Prayesh Jain of IIFL. Please go ahead.

Prayesh Jain: What is the capacity across the segments that we have and what would the utilization levels?

Narayan Barasia: The capacity utilization is roughly about 70% so we have enough capacity in terms of the growth.

Prayesh Jain: Sir and on the farm equipment side now that the monsoons are appearing to be closer to being normal what is your outlook going ahead on that segment?

Narayan Barasia: We generally do not give any outlook for future. We expect that farm equipment definitely should improve from here so we are waiting for that to happen.

Prayesh Jain: Okay. In terms of exports which are the major geographies that we are looking at. I mean we are saying that we will reach that 13%-14% mark in three years.

Sunil Pahilajani: The focus is on three territories. Our focus is on Southeast Asia, SAARC and Middle East and East Africa. Here we have our own presence, service network and distribution. We have become strong enough in these regions to sell products which we do not

manufacture, as I mentioned. And these partnerships are now coming through very well and we selectively take up very good quality products which are non-competing and which are complementing. So that is another root which is helping us add value in terms of our knowhow of market and our service support et cetera. So I think besides these products now we have started entering into very good partnerships and we have made that also one more strong point for growth.

Prayesh Jain: So trading generally is margin dilutive whenever we trade it is just the marketing margins that we earn, so in that sense will exports be lower margin because of higher proportion of these traded goods or how do we look at margin say for exports business?

Sunil Pahilajani: No, it is not like commodity trading. These are engineering solutions we offer and we offer with a lot of other value add in terms of our support our aftermarket service and several other things, so margin is rather higher.

Moderator: Thank you. Our next question is from Pavan Kumar of Unifi Capital. Please go ahead.

Pavan Kumar: Regarding the Eicher Polaris multi engine we are adding has our production already started I mean are we already started supplying?

Sunil Pahilajani: Yes, we are supplying in small quantity.

Pavan Kumar: It is a twin cylinder engine, right?

Sunil Pahilajani: No, it is single cylinder engine. About 5 tonne engine.

Pavan Kumar: Okay. So what are the prospects going forward since we also have a multi cylinder engine already developed and in line?

Sunil Pahilajani: The prospects are good with several customers and we are already making effort and we wish to cover and we wish to serve SCV segment as a whole and we now have solutions ready for that.

Pavan Kumar: Okay. Coming to the pump business, why is your growth in pumps coming down? And are we majorly into diesel pumps and is it moving towards electric pumps?

Sunil Pahilajani: In the last quarter or two, the pump business in India is facing several issues related with farm equipment sector. So overall sales have gone down and we too have suffered. Our market share is same and we have also migrated to additional solution like diesel based pumpset and electric based pumpset. We now also offer solar base pumpset. So we have full range of solutions in that.

Pavan Kumar: I just wanted to know what will be the contribution of revenue of the agri business from the agri business to the whole revenues.

Management: It is around 15% as we mentioned in the previous question.

Moderator: Thank you. Our next question is from Nikhil Deshpande of Sharekhan. Please go ahead.

Nikhil Deshpande: Are you seeing any change on the ground with regards to subsidy and the farm equipment segment and how do you guide forward for that segment? Secondly, on other overheads you have taken significant efforts to reduce the other overheads. Can you just throw some light on what line items you have been able to reduce cost and how do you guide forward for that?

Narayan Barasia: We cannot advise anything like contribution but on subsidy, I do not think it has affected, however, crops were damaged and there were

some unforeseen things because of which farm equipment sector suffered. It is a one-off situation or a cyclical situation

As for reduction in overheads, it is across all expenditures. So it is a tightening of the operating of the business so it is all across starting from employee to all other expenditure that the company is going through.

Nikhil Deshpande: Sir and are we present with Mahindra Jeeto new vehicle?

Sunil Pahilajani: No.

Nikhil Deshpande: Okay. And sir in the multi cylinder engine solution which we have diluted to what category of vehicles size of vehicles we will be targeting?

Sunil Pahilajani: All vehicles up to 3.5 tonne pay load which means the complete SCV segment.

Moderator: Thank you. Our next question is from Chintan Sheth of SKS Capital. Please go ahead.

Chintan Sheth: Cash and cash equivalent last March end it was 340 odd crores. What is the balance?

Management: It has gone up 400 crore plus now.

Moderator: Thank you. Our next question is from Bharath Subramanian of Sundaram Mutual Fund. Please go ahead.

Bharath Subramanian: Sir, just one question from our end in Annual Report you have mentioned that you are working on products renewable and solar portfolio. So can you just throw some color on what kind of products are they?

Sunil Pahilajani: These are as I mentioned weather pumps, hats or any solution in terms of power. We have a range of solar products. We have already launched in terms of solar products, solar lights, solar panels and we sell this in combination with genset solution to make it a more efficient.

Bharath Subramanian: So when you say solar panels these are kind of traded or we do have a manufacturing?

Sunil Pahilajani: Most of these products are not manufactured by us. We are sourcing from various channels and we are combining as a solution. So it is not a bulk trading anyway it is more like we see what fits into our solution and we source that.

Bharath Subramanian: How scalable is this, when you say you are using existing channel. What kind of scale are you seeing in this portfolio?

Sunil Pahilajani: In sales we have made a beginning it may take up some time to give that view but generally if you are asking solar and other renewable energy are the fields which have immense potential in times to come and we have to just be there so that we do not miss that and as these grow we will have opportunity. So difficult to define numbers but then we need to be part of any new technology so we are there.

Bharath Subramanian: And on the other segments on farm equipment certain I think pillars we were kind of importing and so any plans to localize any of those trade item sir?

Sunil Pahilajani: We are already doing it. We are already working on it.

Bharath Subramanian: Okay. So anything that we can expect from the current year or it will take a bit more time?

Management: It will take a bit more time.

Moderator: Thank you. Our next question is from V K Karthikeyan of Suyash Advisors. Please go ahead.

V K Karthikeyan: I wanted your perspective on this sir. You spoke about developing engines for the Polaris Eicher JV and you spoke about extending the product range through the multi cylinder engine through the SCV vehicle segment. Just wanted to understand would these be joint development initiatives or have you gone and proposed a solution? How exactly does it work and would you be able to share with us similar initiatives to Polaris Eicher JV are happening you do not need to name names there.

Sunil Pahilajani: So as far as Polaris Eicher JV is concerned it is only one solution. I spoke about SCV segment in general not pertaining to Eicher but we have range solutions available with us. These do not require joint development we already have solutions available, we only customize according to each customer need. We have invested last three years, I have been sharing this time and again and we have prepared ourself for future growth.

V K Karthikeyan: Do you see greater openness in outsourcing the engine now versus doing it captivity or how exactly is that?

Sunil Pahilajani: Yes, it depends on credibility of the supplier and Greaves has very high credibility because we never had and we never have a plan to get into vehicle business so that establishes our credibility and we are able to be a good partner for vehicle manufacturer.

V K Karthikeyan: Our initiative similar to the Polaris one happening in the multi cylinder engine segment could you share that with us without naming names?

Sunil Pahilajani: We are ready with the solution and we are making an effort with all the large OEMs but I will be able to share details only when we have some success.

V K Karthikeyan: Okay. If I may ask again a very fundamental question sir which is what would be the limit up to which you can use single cylinder engines and from where shall we see the twin cylinder and multi cylinder engine range start from a capacity point of view?

Sunil Pahilajani: So it is difficult to say because it all depends on vehicle specification. It can change a lot with the requirement of other specifications packaging et cetera. It is hard to define technically that way. I have said we have full range up to 3.5 tonne pay load capacity. We have all solutions available for every node and we can customize and offer that to any customer who can partner with us. So we are working in that direction.

Moderator: Thank you. Our next question is from Bhargav Buddhadev of Ambit Capital. Please go ahead.

Bhargav Buddhadev: Sir I have a couple of questions. One I wanted to know in your gensets are you now present across nodes in CPCBII because I remember you were absent I think in the 220 kV segment.

Sunil Pahilajani: So we have nodes up to 500 kV so, every manufacturer has different way of packaging it. Some may have 250 node some may have 220 node. So we do have 250 kV node, we have 500 kV node, we have 320 kV node and there can be more nodes to offer as market demands.

Bhargav Buddhadev: Because the reason I was asking is that when we speak to distributors they say that 220 kV node is one which is a lot in demand.

Sunil Pahilajani: Yeah, you are right, so we have 250 kV node which we have not yet launched in CPCBII and it will be launched in short time. So I think we are perhaps for this particular node we have been behind our schedule due to certain innovations we are trying to do. So we will come out with this node also.

Bhargav Buddhadev: So when is this expected sir, 250 kV?

Sunil Pahilajani: I think it is difficult to define; it may take us some time it may take us couple of quarters.

Bhargav Buddhadev: Okay. And secondly sir you still continuing manufacturing supplying engines for gensets to other OEMs also or have we discontinued that?

Sunil Pahilajani: We are supplying engine to market.

Bhargav Buddhadev: And you will continue to do that?

Sunil Pahilajani: We continue to do.

Bhargav Buddhadev: Okay. And thirdly sir, what is your cash flow from operation post working capital this quarter compared to same quarter last year?

Narayan Barasia: So cash flow from operation we generated about 80 crore this quarter.

Bhargav Buddhadev: And how was it sir same quarter last year?

Narayan Barasia: Same quarter last year also we generated about 80 crore.

Bhargav Buddhadev: So there is no improvement in cash flow?

Narayan Barasia: Yeah, we did some working capital improvement in quarter one last year and we continue to do working capital reduction this year as well.

Bhargav Buddhadev: So what is your cash conversion cycle sir? Or if you can tell us debtors days, inventories and creditors?

Narayan Barasia: Yeah, so debtor days have come down quite significantly. Overall debtors will be in the range of 200 crores. It should be some 300 crore same quarter last year.

Inventory and creditors have not changed much so there is some improvement on inventory and creditors with respect to the infrastructure business but excluding infrastructure business the inventory and creditors is almost the same.

Bhargav Buddhadev: Okay. Basically you are highlighting that you will be conserving cash for growth in future. So sir now with Eicher Polaris behind what could be your next focus area sir?

Sunil Pahilajani: So we are working on various products as I mentioned aftermarket is growing aggressively, international business is being grown in all territories.

Bhargav Buddhadev: On the SCV side in specific.

Sunil Pahilajani: Okay. So in terms of vehicle we have worked on R&D side to prepare solutions for complete SCV range and we are making effort with several customers. We have announced two successes in last one year and I think we will have hopefully more successes in future and we will.

Bhargav Buddhadev: So sir any lined-up for this year any other OEM lined-up for this year?

Sunil Pahilajani: So unless we have a clear success we cannot announce.

Bhargav Buddhadev: Okay. Because sir I remember you mentioning in the fourth quarter call that you will have about two new sign ups in FY-16. So one is

obviously you have already announce so just wanted to know what is the update on the second bid.

Sunil Pahilajani: So we have announced on TVS earlier and now on Eicher. We are working and making effort with several customers and it may be appropriate to share only when we have success it may not be right to say anything until we are only making upfront.

Bhargav Buddhadev: And lastly sir there is no plans to hive off any of your business segments, right I mean there were some rumors in the market.

Sunil Pahilajani: No. We have closed down our German entity last year Farymann and we have closed down construction equipment business this year. We have closed down all the loss making entities to say honestly but now all businesses are profitable and all have growth potential. So there is no question of hiving off. In fact now as I said we have fuel growth and we are trying to see what more we can do and how to strengthen these businesses and grow.

Moderator: Thank you. Our next question is a follow-up from Manish Goyal of Enam. Please go ahead.

Manish Goyal: Sir we missed on the power dealer volume, so what was it in the current quarter and similarly in the last quarter?

Narayan Barasia: So power dealer has degrown quite a bit so, we have roughly 2,000 volume quarter one last year and 1,000 volume in quarter one this year.

Manish Goyal: Okay. So is it primarily because of the issues related to subsidy or is it because of increase in competition?

Narayan Barasia: No, the market has reduced overall in this quarter so, it is not from competition perspective it is more because of subsidy and the monsoon and issues related to the farm segment.

Manish Goyal: Okay. And in the Annual Report in other current assets we have an asset which is likely to sold and we have basically reduced the value from 26 crores to 20 crores so what is it pertaining to and what is the update on that?

Narayan Barasia: If you recall we have closed down our infrastructure business. So any business which gets closed down and the respective and relevant assets are then classified as per accounting standard assets for sale. So this is what is getting sold and as and when it is getting sold the value is also getting reduced.

Manish Goyal: And I believe that you had a facility at Chennai so, is it possible that the land also would be available for say future disposal?

Narayan Barasia: Absolutely, you are right.

Manish Goyal: How big is the land sir?

Narayan Barasia: Land is roughly about some 18 acres.

Manish Goyal: Does it have any other business at the moment?

Management: No. So it can be either used for our future expansion or it can be disposed off.

Moderator: Thank you. Our next question is from Bhalchandra Shinde of B&K Securities. Please go ahead.

Bhalchandra Shinde: Sir the employee cost has declined has it reduced our employee strength over last year?

Narayan Barasia: Yes, Bhalchandra, so inflation is there so increments happens everything happens that is about tightening the organization structure and making it much better than earlier.

Bhalchandra Shinde: So by how much percentage we have reduced our employees?

Narayan Barasia: Roughly the inflation is about 10%, so if the cost remains the same you can actually say that it is about 10% reduction in numbers.

Bhalchandra Shinde: Okay. Sir 2-3 quarters back you said that usually if the monsoons are bad at that time pumpsets really grow as compare to better monsoons. So see if in this quarter monsoon stays good, can we imply that pumpsets may not show that kind of growth which it may show in a drought period.

Sunil Pahilajani: So that is difficult for us to comment on. This whole business is dependent on a couple of factors related to farm which includes monsoon which includes subsidy and many other factors. So presently the business is not doing well and that is because the complete industry is not doing well. So let's see how it performs over the next three quarters of this year.

Bhalchandra Shinde: So why exactly are the subsidies getting delay? Any particular reason for that?

Sunil Pahilajani: No, that is very difficult for us to comment on.

Bhalchandra Shinde: Okay. And sir, Eicher Polaris multi model has been officially launched or is it a pilot launch? Have they started catering to a particular region?

Sunil Pahilajani: Actually you know this is a question only Eicher can answer. We got their numbers and their schedule. We are with them as they grow but as is said both are great companies and their partnership is very

valuable. So far, as you have seen we have been migrating from three wheeler to four wheeler to multiple purpose vehicles and international, aftermarket and several businesses. So your company is growing stronger and stronger in terms of portfolio. It is also becoming more and more efficient by hiving of loss making businesses and strengthening and tightening its margin. So we see good future that we continue to grow and we continue to be more and more profitable.

Narayan Barasia: So thank a lot for joining this call. It has been great speaking to you so thank you very much.

Moderator: Thank you members of the management. Ladies and gentleman, on behalf of Greaves Cotton Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.