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The Secretary
BSE Limited
Corporate Relationship Department
Dalal Street, Fort
Mumbai 400 001

Security Code : 501455

Sub. : Disclosure under Regulation 30(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015


Dear Sir,

Pursuant to Regulation 30(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of Q3 FY17 Earning Conference Call held on 16th February, 2017.

Please take the same on record.

Yours faithfully,

For Greaves Cotton Limited


Amit K. Vyas
Company Secretary and
Head- Legal & Internal Audit

Encl. : a/a

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Greaves Cotton Limited
Q3 FY 2017 Earnings Conference Call
February 16, 2017

Moderator: Good day, ladies and gentlemen and welcome to the Q3 FY 2017 Earning Conference Call of Greaves Cotton Limited. 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 over to Mr. Nagesh Basavanhalli -- Managing Director and CEO Greaves Cotton Limited. Thank you and over to you, Sir.

Nagesh Basavanhalli: Good morning everybody, warm Thursday morning to all of you. Let me get started with a couple of overall business highlights. As we are all aware the market conditions over the last couple of months has been tough due to the temporary setback due to the demonetization. In spite of that the company has recorded a year-to-date growth of 3% as against the corresponding period of last year. So, year-to-date growth of 3%.

This has been primarily being possible because of the strategic initiatives including in addition of new geographies, addition of services and of course, our core business of robust growth in the areas of aftermarket, farm, equipment, auxiliary power business, all of which recorded higher revenue.

Our efforts continue in the areas of cost control. We believe these are sustainable and we will continue to improve in the area of cost control.

In terms of the revenue, our growth in the revenue as against the last quarter also is in the same trend and we will the PAT itself was about Rs. 44 crore for Q3 and EBITDA margins were about 13.6% in Q3 of the fiscal year-to-date about 13.8%.

A couple of other strategic initiatives in the quarter, we have already started supplying BS-IV engines to our automotive customers in fiscal year 2017 we will continue to do that ramp up the volumes for all of our OE partners. And as the auto industry recovers from the demonetization impact which we are all aware the three wheeler industry was one of the worst effective with about close to 30% impact in last three months. We believe some of the volumes as it relates to our automotive business will continue to growth over the next couple of months.

As it relates to the multi cylinder engine we continue to reach out to customers both in India and globally and our customer development efforts continue and we are making strides in that area. The other area that we are very focused upon is in the area of BS-VI, our engineers are already working on BS-VI implementation and we want to get to the market with a very cost effective and innovative solution.

Then in terms switching gear from the automotive business to the aftermarket business. One of our key strength has been our strong distribution network, this traditionally has been used to supply spares and spare parts and also service the needs of our 5 million customers. One of the pilots that we have started is in the area of Greaves Service Center or the Greaves Auto Care where we are going to servicing the needs of our three wheeler customers across the brands and across the country. We have a small number of pilots that have been started and we are very encouraged with what we are seeing there. And the USP for this of course will be company trained mechanics providing quick service, one-stop solution for both services and parts that will be the philosophy.

Then as we move on from aftermarket to the agriculture segment. The farm equipment business is also an area that continues to grow in spite of tough market condition as of which the farm business itself we have a couple of products that are going to be launched in the next several months. The power tiller has been undergoing a series of field trials like we have told you last time and we are quite bullish in terms of what we are seeing, in terms of the product and how it is being received in the pilot study. So, we will continue in that area in the farm equipment business because we believe this is an area that will continue to give us the growth over the next couple of quarters.

Then moving to auxiliary power business, this is another area of the business that has grown well over the last quarter. And our focus on the phased approach marketing and servicing across the various parts of the country has been receiving a good response and we will expect this business to continue to do well.

Last but not the least, R&D is an area that is very important to us. You will continue to see more focus on R&D spends and R&D spends going up especially as we look into BS-VI and some of the future products in our various business.

With that overview, I would like to hand over the microphone over to Mr. Barasia to take you through the financial results.

Narayan Barasia:

Thank you, Nagesh a very good morning to all of you and thank you very much for joining this quarterly earnings call. Let me take you through the financial result of Greaves Cotton Limited for the third quarter ending December 2016.

The income from the operations for the company for the quarter ending December 2016 is recorded at Rs. 451 crore as against Rs. 453 crore for the same period last year, marginally lower than the last year and this is in spite of the demonetization impact we got on both three wheeler as well as on farm products.

Y-T-D 2016 the income from operations is Rs. 1,386 crores against Rs. 1,351 crores with a growth of about 2.6%. EBITDA for the quarter ending December 2016 is Rs. 61 crores as against Rs. 69 crores for the same period last year. Y-T-D EBITDA is Rs. 191 crores at 13.8% against Rs. 205 crores for the previous year.

Profit after tax for the quarter ended December 2016 is Rs. 44 crores as against Rs. 62 crores for the corresponding period last year Y-T-D PAT is Rs. 134 crores against Rs. 161 crores for the previous year.

It is also important to note that the quarter ending December 2016, we had an exceptional income of Rs. 2 crores, against Rs. 26 crores of exceptional income in quarter three last financial year.

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

Moderator: Thank you very much. We will now begin the Question-and-Answer Session. The first question is from the line of Ashutosh Tiwari from Equirus Securities. Please go ahead.

Ashutosh Tiwari: Sir, on this BS-IV engine you said you already started supplying to customers so, is it one particular customer or across you are supplying?

Nagesh Basavanhalli: We are supplying to several customers right now based on the OEM demand so, depending on the schedules that the OEs are asking for we have started, so several customers. Majority of our customers will also get the supply between now and March.

Ashutosh Tiwari: So, you started supply from this month February only or January also you supplied?

Nagesh Basavanhalli: We have started it, starting this quarter and again, we were ready as and when our customers were asking of the schedule we have been supplying.

Ashutosh Tiwari: And sir, how much prices increases in base of BS-IV engine versus BS-III engine?

Narayan Barasia: Ashutosh the price increase has been to the extent of 8% to 10%.

Ashutosh Tiwari: 8% to 10%, okay. And sir secondly, we are also seeing very sharp increase in commodity prices aluminum, steel, and all so, have we been able to pass on that impact to the customers.

Narayan Barasia: So, price negotiations happen based on the agreements with each OE. So, as and when the agreement comes for the discussion the price increase automatically happens. So, while in other products like farm and genset, the price increase automatically happens as and when the price increase happens.

Ashutosh Tiwari: So, I remember that in some cases we have quarterly, some cases half yearly, and annual also right?

Narayan Barasia: Yes, you are right Ashutosh.

Ashutosh Tiwari: So, in that cases will there be in some cases in some of the customers can we see some margin pressure for one quarter if there is delay in that negotiation basically, right.

Narayan Barasia: yes, so, it definitely it definitely goes by the agreement isn't it. So, obviously the price discussion happens based on the agreement days but in spite of the cost increase there is a lot of also cost reduction programs which the company runs, right so our objective is to maintain margins.

Moderator: Thank you. We will move to our next question from the line of Pavan Kumar from Unifi Capital. Please go ahead.

Pavan Kumar: Sir, I just wanted the volume number of three wheelers, four wheelers, pump generators, and tillers which we give. And also, I wanted to understand, so, going forward has the inventory got build up and can we expect some pressure because of demonetization in Q4 especially from the auto segment?

Narayan Barasia: Okay. So, Pavan let me first give you the volume numbers. So for three wheeler the volume has been some 67,000 versus 80,000; four wheeler the volume has been 7,500 versus 6,500; power tiller has been about 350 versus 500 quarter three last year; pumps has been about 26,000 versus 28,000; and genset has been about 840 versus 460 last year.

Pavan Kumar: You said genset is?

Narayan Barasia: Genset is 840 for the quarter versus 460 last quarter.

Pavan Kumar: And tillers what did you say sir?

Narayan Barasia: 350 versus 500.

Pavan Kumar: Sir, but it looks like across the segments actually volumes have fallen how has the revenue been stable?

Narayan Barasia: So, Pavan we discussed that the genset has grown right so, genset has grown significantly and Mr. Nagesh also talked about how the aftermarket has been doing well. So, both aftermarket as well as the genset has pulled the numbers.

Nagesh Basavanhalli: Thanks Narayan, it is aftermarket, farm business, and gensets basically, the three businesses which have grown in double-digits.

Pavan Kumar: So, what proportion of your revenues would there be?

Narayan Barasia: After market is about 20%, genset and farm individually will be in the range of about 12% to 15%.

Pavan Kumar: Okay. And that would have grown by more than 20%?

Narayan Barasia: Yes.

Pavan Kumar: And my second question sir, is there going to be any inventory stock up with the customers because of this demonetization which we might see in lesser volumes in Q4?

Narayan Barasia: So inventory is something which keeps on building and reducing so based on low demand some inventory build-up has happened but nothing very significant to worry about automatic corrections happens in the next month itself, right.

Pavan Kumar: That is true, but should we expect any sharp dip especially in the three wheeler volumes given we have seen very sharp dips from your customers as such.

Narayan Barasia: Three wheeler volumes has already taken the knock of demonetization in November, December, so now it is time to recover.

Nagesh Basavanhalli: If I can just add it has taken that 30% knock but we see January and then even in February and March the forecast looking better. So, we believe the trend are picking the entire market is recovering from demonetization. But we do see the trend going in the right direction to Narayan's point. The other thing also to note is even though our automotive business was down because of the demonetization the industry effects the net impact of the farm, aftermarket, and the APB business the genset business more than made up for some of that. The revenue was pretty much flat between last year to this year.

Moderator: Thank you. We will move to our next question from the line of Bharat Gianani from Sharekhan. Please go ahead.

Bharat Gianani: I just wanted to touch upon to what the earlier participant asked about the three wheeler segment outlook. So, basically although we are saying that we are seeing recovery. So, I mean should that FY 2018 post some kind of growth depending on the what feedback you are

getting from the customers or like I am talking about the volume terms or I mean what kind of volume growth are you forecasting for the three wheeler business for the next fiscal?

Nagesh Basavanhalli:

Yeah, so I think this is the million dollar question, right, with the demonetization impact I think the entire industry is anticipating that the recovery will happen over the next one full quarter and with infrastructure spending and some of the post budget spends coming into play, we believe that the market will be coming back, some of the initial feedback we are getting from our various customer and schedule upticks that we are already seeing in the month of February is a good sign. We believe those will continue in March and April as we start seeing a 60 days and 90 days scheduling forecast. So, we believe we start seeing the other thing also in terms of Greaves is the company is well positioned in terms of some of the other areas of business. Aftermarket business is growing at a good rate aftermarket, farm business, genset business, are all growing at double-digit growth and that is where we believe while the industry recovers from the automotive side, we are also de-risking ourselves and the other part of the business will continue to grow. So, yes, overall we see good sign of growth in the next quarter.

Bharat Gianani:

Okay. And sir, lastly, when you say in overall outlook growth so, are we targeting like double-digit kind of top-line growth for the next year I mean I am just speaking of the volume terms, I know because of the new emission engines, you will also get a bump up on the realizations. But purely, on the volume front, what do you think double-digit growth is possible or it will be lower than that? And secondly, if you can touch upon the what kind of revenues we are seeing in the aftermarket multi brand business?

Nagesh Basavanhalli:

Yeah, so, in terms of the macro scenario we definitely, our ambition is definitely to aspire for higher growth and you will see that quarter-over-quarter. So, we are doing all the things within our control, in terms of diversifying the businesses, adding new geographies or growth areas, de-risking ourselves from just the automotive part of the business, bringing in new products, new services, so you will continue to see that which should help our growth. What we do not control of course is how quickly the market comes back post the demonetization. So, that is we are a function of that. So, we are quite optimistic that with all the actions that the company is taking I think we will see the growth and in terms of your second question. Narayan if you can just comment on that. I think, that was the second part of the question.

Narayan Barasia:

So, Bharat, what was your second question please?

Bharat Gianani:

Sir, I was just asking like if you can quantify some number on your aftermarket multi brand venture that you started a couple of quarters back. So, how is the attraction going on and if you can throw some number on it like what was the numbers that you did this quarter on the multi brand business and what is your outlook for the next year?

Narayan Barasia: So, multi brand has just started, right we are putting our hands around it, we are strengthening the supply chain at the backend while we are also imparting trainings etc., to our front end team. I think, it is very early to put numbers to it. Our journey has just begun we are doing pilots and time will tell us where we reach. It is very hard to put a number to it Bharat as of now.

Moderator: Thank you. We will move to our next question which is from the line of Bhargav Buddhadev from Ambit Capital. Please go ahead.

Bhargav Buddhadev: Sir, my first question is that are there any changes in the top management post your appointment as the Managing Director and CEO because generally typically what we have seen is that several companies when they recruit new MDs and CEOs they typically also incorporate certain changes in the top leadership team?

Nagesh Basavanhalli: Well, you are seeing the CFO and me here and as and when we add new businesses in new other areas and we expand our services, I think you may see additional people coming in. But no drastic changes right now.

Bhargav Buddhadev: So, the business wide CEOs continue to remain where they are, right?

Nagesh Basavanhalli: Yes.

Bhargav Buddhadev: Okay. Secondly, sir, in terms of the new leap engine you already said that we can expect some sign ups but it has been almost six months to eight months since the new leap engine has been ready. So, sir any timelines is it possible to know because this engine is now BS-VI compliant so that makes it much more relevant for the OEM to actually sign you up as a outsourcing partners. So, sir, if you can just height certain timelines that would be sir very useful.

Nagesh Basavanhalli: Fair enough. As you said this is our multi cylinder engine and it is and we are working with partners both here in India and aboard and it is various stages of trials and performance evaluations. So, we do not have a timeframe but we are looking that could be over a period of 18 months to 24 months that because some of these are long gestation cycles, it could happen sooner because what these are the partners are looking at these for multiple future platforms, future products, future global applications. So, it could be sooner, but it could be we have to make sure, it goes through their reliability, durability cycles. So that is kind of what we are going through right now the performance testing.

Moderator: Thank you. We will move to our next question which is from the line of Ishit Sheth from Anvil Research. Please go ahead.

Ishit Sheth: Sir, I just wanted to check basically on the engine front because of the implementation of BS-IV, what is the kind of realization jump that we see for a new BS-IV engine compared a BS-III engine?

Narayan Barasia: Yeah, so I spoke about that in my earlier question. The price increase is roughly in the range of 8% to 10%.

Ishit Sheth: 8% to 10% and this price increase which is there will be totally passed on, right?

Narayan Barasia: I thought we are talking about the price increase, right. So, there is a price increase which we are getting from the customer.

Ishit Sheth: Correct, okay. So, effectively what my question is that because of the 8% to 10% price increase we are compensated for the changes that we made to the engine in terms of our cost, our margins will remain the same, right is what my question is.

Narayan Barasia: Absolutely, you are absolutely right.

Ishit Sheth: Okay, that is what my question is. Sir, also on you had spoken I think a couple of quarters back one is that we have our new leap engines which we are providing for solutions till 3.5 tonners right now. Also our new focus area on R&D is to get into the passenger segment also maybe it will take some time. So, what is the update on that? How is that progressing?

Narayan Barasia: No, I do not think so we are looking at passenger segment, we never spoke about that and you know leap engine once, any engine is ready from a customer standpoint our industry takes anywhere between 18 months to 24 months from the application standpoint because engine and the vehicle has to be married to each other, it takes so much of time to get married. But we never talked about getting into passenger segment.

Moderator: Thank you. We will move to our next question which is from the line of Gurpreet Arora from Quest Investment. Please go ahead.

Gurpreet Arora: Could you quantify the cost savings measures which you have been talking in your press releases I mean what sort of benefit has that accrued to the company in the last nine months and when will that actually start translating into EBITDA margin improvements that is one.

Narayan Barasia: Right. So, cost reduction is an ongoing process we started this journey from a initiative called propel and that was about value engineering exercise. So, it is all about how do we do the same product at a lower cost that has always been there in spirit increase and you have seen that over a period of time how the margins have improved. The other thing is we keep on looking at productivity improvements, low cost automations, we look at many-many several things and something gets time to materialize, something happens. So, if you look at our

financials over the three years period significant improvement has happened in terms of margins from cost reduction initiatives.

Gurpreet Arora: Okay. And next can you quantify the actual investment required in BS-VI engines set-up and any technological tie-up are we looking at in that space?

Narayan Barasia: Absolutely. So, yes, as a company as an organization we need to make sure that we are ready for BS-VI, as we were ready for BS-IV as well. So, we will look at internal as well as external resources as an when it is required.

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

Ashutosh Tiwari: Sir, over the last two quarters, three quarters we are growing very well in the genset segment. So, can you please highlight I mean what is driving this revenue growth which segment which KVA gaining market share because I believe market is not doing that great.

Narayan Barasia: So, Ashutosh, you have been tracking this industry since long time and one of the questions which investors use to ask is why are we not growing well in genset. So, it is good that we have been doing certain things which is going right for the business and so it is helping us to grow as well. We are small and so growths are good. But there is a long way to grow and go and we hope this momentum continues and we keep growing the business.

Moderator: Thank you. We will move to our next question which is from the line of Kashyap Jhaveri from Capital 72 Advisors. Please go ahead.

Kashyap Jhaveri: Sir, you mentioned some numbers on tillers sales I missed those numbers.

Narayan Barasia: Yes, so it is 350 numbers for quarter three versus 500 numbers for quarter three last year.

Moderator: Thank you. We will move to our next question which is from the line of Sandeep Baid from Quest Investment. Please go ahead.

Sandeep Baid: Narayan, you mentioned 350 for power tillers vis-à-vis 500 pumpset 26,000 vis-à-vis 28,000 so the numbers have gone down but in our commentary we are saying that farm equipment business is growing, has grown in Q3. Which are the other segment which have grown leading to overall growth for the segment?

Narayan Barasia: So, farm has grown over the nine months' period for the quarter there was a decline what Nagesh actually meant for farm was nine months we have been going for a double-digit growth. For the quarter there was a decline.

Moderator: Thank you. We will move to our next question which is from the line of Pavan Kumar from Unifi Capital. Please go ahead.

Pavan Kumar: Sir, regarding this particular BS-IV implementation, so all the engines or whatever we are going to produce from this quarter are going to be BS-IV compliant?

Nagesh Basavanhalli: So, we are right now delivering BS-IV as and when our customers are giving us the schedule, so clearly as some customers are getting fully into BS-IV some are still in transition between BS-III and BS-IV, so it is purely a full function depending upon the customer needs. So, we are ready and we are supporting them as we speak.

Moderator: Thank you. We will move to our next question which is from the line of Pradeep Chaudhary, he is an individual investor. Please go ahead.

Pradeep Chaudhary: Now, I would like to understand what is the roadmap in terms of infrastructure people and investment in this initiative?

Nagesh Basavanhalli: So, as we know Greaves have a significant reach and brand strength across the country and we have the several thousand of mechanics of Greaves certified. So, when we look at all the USPs that we can provide from an ecosystem plus our customer base when you look at millions of engines on the road and the three-wheeler. So, we said today it is a an unorganized segment, there are unorganized players who are supporting the three wheeler service industry. So, our pilots in select cities right now are catering to that wherein we are bringing quality service with company trained mechanics which will provide with an affordable service, one-stop solution where the three-wheeler customer can get both service, parts and friendly care, so we believe this is an area that we can provide significant quality and reliable service at a very affordable price. So, based on the proof-of-concept we are running proof-of-concept pilots like I said in several cities right now which are seeing exceedingly good results right in the middle of demonetization and right in the middle of this slow down. Based on the results of this of proof-of-concept we would obviously be scaling up, I do not want to talk about numbers at this point of time because I want to go through this exercise collect the market data listen to our customers make the refinements but we are very-very bullish that is an area that we can provide value added services to our customers and basically in the three wheelers space which is predominantly an area that we have a lot of significance today we will continue to expand our leverage in the space.

Pradeep Chaudhary: When you would be able to put up this plan?

Nagesh Basavanhalli: We can give you an update in the next quarter but clearly, all I can say is the proof-of-concept is doing very well and I would say in the next investor call we can have an update on this.

Moderator: Thank you. We will move to our next question from the line of Bhargav Buddhadev from Ambit Capital. Please go ahead.

Bhargav Buddhadev: So, sir can you highlight three reasons why an OE will sign up Greaves for this multi cylinder engine? And secondly, sir is it fair to say that the agri and the spares business should actually see a double-digit growth based on the kind of initiatives which we have taken over the next three years to five years?

Nagesh Basavanhalli: So, the second one first, agri versus the gensets, agri and gensets double-digit growth, right?

Bhargav Buddhadev: Agri and aftermarket.

Nagesh Basavanhalli: Agri and aftermarket, fair enough. So, we believe in the case of agriculture, again we are coming off a smaller base and we believe the potential to grow enormous. We believe with some of the recent post budget activities as well the incentives by the government, the farm sector is an area of focus and this is an area that as we bring new products whether it is the power tiller or other product that are in the **anvil** that we will discuss in the next couple of quarters. I believe that should only help us because we will become a full range solutions provider. In addition to that in terms of the aftermarket we believe this is an area we have significant reach across the country and with our brand presence in the reach across the country, we have already talked at length about the multi brand space that we have started to do, that reach is increasing more day by day and will continue to. We just touched upon multi brand service right now. So, with our value added services increasing and also our reach across the country, we will continue to add distributors across the country over a period of time, we will continue to expand our reach which we are already proud off but we want to continue to get to the nook and corner of the country. And make sure that our brand which is trusted for over 100 years continues to be available to the people across the country. So, we believe that is why aftermarket is an area that has enormous potential for us. I think there was one more question about leap engine. The leap engine we believe it is a modern engine, it is protective for emission norms as one of the gentlemen before was saying, reduced time to market when we look at all the parameters the very fact that some global customers are talking to us is fact enough that the performance attributes are very-very competitive globally, so that is kind of why we believe this is a very compelling product.

Moderator: Thank you. We will move to our next question which is from the line of Kartik Gada from Val-Q Investment Advisory. Please go ahead.

Kartik Gada: So, a question on the leap engine, you mentioned about 18 months to 24 months timeframe. So, is this for commercial sales to begin from today? So just wanted that clarification?

Narayan Barasia: Absolutely, so, it takes so much of time to pass the application engineering work right, so what you are saying is absolutely right it takes so much of time for commercial launch.

Kartik Gada: Okay. So roughly sometime FY 2019?

Narayan Barasia: Yes, correct, yes.

Moderator: Thank you. We will move to our next question which is from the line of Ashutosh Tiwari from Equirus Securities. Please go ahead.

Ashutosh Tiwari: Sir, two quarters back we had highlighted we are also testing CNG engine with a three wheeler OEM any update on that?

Nagesh Basavanhalli: We continue to work with different OEs in terms of their fuel requirements. So, I think as a Power Grid solutions provider we will continue to keep working. I do not have an update today on this but enough to say that you will hear more about this, whether it is CNG or other fuel agnostic solutions, you will hear more about it in the future as the information develops and as the customer give us some confirmation.

Moderator: Thank you. The next question is from the line of Kashyap Jhaveri from Capital 72 Advisors. Please go ahead.

Kashyap Jhaveri: Just on tiller side, can you highlight few reasons further downtick in volume and is it subsidy or is it the allocation or DBD what has gone into this?

Narayan Barasia: So, quarter three has got impacted because of demonetization. So, the industry has declined by about 25% to 30%. So, there was nothing to do with subsidy or other thing it is just directly to do with the cash available in the economy at that point of time.

Kashyap Jhaveri: And what are your areas key areas of operations in tiller business geography?

Narayan Barasia: So, today we import tillers and we brand it do quality testing, provide services that is what we do. Our objective is also to have indigenous Greaves tiller which we are working on and we will launch that soon.

Kashyap Jhaveri: No, I am asking in terms of states or something is there any concentration of operation?

Narayan Barasia: Yes, so it is more concentrated towards eastern part of India and southern part of India. We do less sales in north and we do a good sales also in Maharashtra as well.

Moderator: Thank you. The next question is from the line of Sandeep Baid from Quest Investment. Please go ahead.

Sandeep Baid: Can you tell us whether the diesel engine of Bajaj is BS-IV compliant?

Narayan Barasia: It will be hard for us to comment on competition, we can talk our products what we have.

Sandeep Baid: Okay. And on Polaris what is the development are we seeing any traction there?

Nagesh Basavanhalli: We continue to support Eicher Polaris requirements it is great brand and it is great product as their numbers increased we are supporting them. So, we have seen an uptick but clearly we are supplying whatever they need.

Moderator: Thank you. We will move to our next question which is from the line of Sanjeev Zarbade from Kotak Securities. Please go ahead.

Sanjeev Zarbade: What could be the mix of three-wheeler engine sales in terms of BS-IV and the current engine? I just wanted to understand what kind of share BS-IV engine could have in our engine sales?

Narayan Barasia: So, from 1st April the whole market is moving towards BS-IV, so virtually it is 100%, right, unless we do some export of BS-III. So, it is going to virtually 100%

Sanjeev Zarbade: Okay, great. And sir, just second question, the gross margins have slightly come down, is it because of some metal prices increases that have happened or it is just product changes?

Narayan Barasia: It is a marginal movement and that is also because of mix and some cost impact but largely because of mix.

Moderator: Thank you. The next question is from the line of Bharat Gianani from Sharekhan. Please go ahead.

Bharat Gianani: I just wanted to ask about the aftermarket multi brand thing whereas, if you are not willing to put any number, so just wanted the timeline that when your private projects will sort of get completed and by when can we expect the revenues to significantly start flowing into our revenue. So, just if any time you could just point at that will be really helpful.

Nagesh Basavanhalli: I would say, we will need a couple of quarters at least to prove out the concept and I will give a status up in the next investor call for sure. But it is enough to say that our franchise partners are seeing a very good viability I mean we are seeing this business have a very high ROI and our initial feedback has been quite positive. So, that is kind of why we want to get some more feedback across some more cities and some more franchise partners. Once we analyze that we will be sure to get back to you.

Bharat Gianani: So, would it be fair enough to say that the revenues would materially start coming in from FY 2019?

Nagesh Basavanhalli: You can take too but probably in a couple of quarters we will be in a better position to answer that.

Moderator: Thank you. We will move to our next question from the line of Pradeep Chaudhary, eh is an Individual Investor. Please go ahead.

Pradeep Chaudhary: I would like to understand what is the total aftermarket as far as the potential is concerned for your products. Second question would be in the same thing, how much is organized versus unorganized and what is our market share?

Narayan Barasia: So, potential is good, right. So, there is a significant part of aftermarket unorganized segment there is no matrices, right, so no one reports that. So it is very hard to put I can put a number which is roughly say one-third can be unorganized but that is the stand it with the growth opportunities exists for us as well. And when you talk about aftermarket multi brand is another thing which is another initiative which can help us grow and expand our franchise.

Pradeep Chaudhary: But to really understand, since we did some Rs. 300 crores last year as to how much is the addressable market and where we are basically looking at?

Narayan Barasia: So, addressable market is a function of how much is unorganized and how much is supplied through other sources in the market, right. So, these are not quoted numbers in the market so, it is all anybody's guess. From an opportunity standpoint we see a great opportunity more and more we improve our service network, more and more we are able to provide on the spot service solutions to the customer after aftermarket spare business will do much better. So, I think initiatives will determine how well we do. So, far as this year has been concerned we are growing at double-digit. And this gives us conviction that there is a good room to grow. And multi brand is on top of it which will help us to grow beyond Greaves spare parts.

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

Bhargav Buddhadev: Sir, my one question that is it fair to say that these OEs presently would not have engines protected for BS-VI and hence, given that the Greaves leap engine has this protection there is a fair degree of chance that Greaves can be short listed as an engine supplier.

Nagesh Basavanhalli: Yes, I think it is a very fair and a very accurate assessment in fact we are already in very active dialog with most of our OEs.

Bhargav Buddhadev: And sir, just one clarification that when you say that it will take 18 months for the revenues to flow in, I would imagine that the sign-up will happen much earlier, right post that only the gestation period of 18 months starts, right?

Nagesh Basavanhalli: Potentially, yes.

Moderator: Thank you. The next question is from the line of Gurpreet Arora from Quest Investment. Please go ahead.

Gurpreet Arora: Yeah. If you can quantify my old question regarding the BS-VI total investments required?

Narayan Barasia: So, it is very hard to put a number to it but, so we are working on it, we are looking at solutions. So, it will be difficult to put a number today.

Nagesh Basavanhalli: And if I can just add to what Narayan is saying because keep in mind we are also working with our ecosystem of partners. So, we have our supply dates and the other thing we are also looking at is, we are the leaders in the space and our obligation is also to find out not just a solution but find out an innovative cost effective solution. So, for that, what type of investments are needed? What type of technologies needed? How soon can we get there? Those are the conversions we are having not just internally but with our supply base and because not only do we want to give a solution but we want to give a very innovative and a cost effective solution that the market can bear and the market can grow from there. So, that is kind of what we are working on, that is kind of why we are not able to pinpoint and give you a number right now.

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

Pavan Kumar: My question is more on a broader sense. Since, we have seen a lot of regulatory issues regarding the diesel engines in the previous years. So, what is the path that we think is going to be going forward and any comments on developing alternate fuel engines which can be sold on much more mass scale?

Nagesh Basavanhalli: So, as I mentioned before, you are going to see R&D spend increase, you are also going to see us, go from diesel engine to other fuel agnostic options as well. It is really a function of what our customer wants and where the market is going. We obviously have strategic roadmap and we are fully capable of going in that direction and providing the solutions that our customer need. So, as and when things develop, I think we will be in a position to answer that more.

Pavan Kumar: Quick question what will be the cash from the books now?

Narayan Barasia: So, it is about Rs. 500 crores.

Moderator: Thank you. The next question is from the line of Neeraj Marathe from HU Consultancy. Please go ahead.

Neeraj Marathe: Sir, I wanted to understand the thought process which has gone behind reduction in the interim dividend and any thoughts on the final dividend that will be declared?

Narayan Barasia: No, I do not think there is any reduction interim dividend is Rs. 4 per share.

Neeraj Marathe: If I remember, last year we gave Rs. 4.5.

Narayan Barasia: Okay. So, I do not recall that it is based on the nine months profit. So, it is a nine months profit we have seen and we have declared that.

Moderator: Thank you. The next question is from the line of Prayesh Jain from IIFL Wealth. Please go ahead.

Prayesh Jain: Just a couple of questions. First, in terms of mix possibly the three wheeler engine were around more than 50% in last year and three years, four years down the line what do you see this mix between three wheelers and agri and the replacement market and the gensets. What kind of revenue mix do you look in three years down the line? And second question, what is the utilization levels currently across facilities and what are CAPEX plans?

Narayan Barasia: Okay. So, answering your mix question from a strategic point of view we would like all our businesses to grow. So, when we look at each individual business, we do not look at the mix because mix is the outcome of the all growth, right. So, if we look at every business which is auto business, farm, genset, aftermarket, all these businesses to grow we have good potential there, right so, we see a potential in farm, aftermarket, genset, and we also see the evolution of automobile business and we also see a growth opportunity of growth there. So, I think from our strategic perspective we see all the businesses growing. Coming to your second question what was your second please?

Prayesh Jain: What is the utilization level across facility and what are our CAPEX plans?

Narayan Barasia: So, utilization is roughly about 75%. So, we have enough capacity available for all the businesses including automotive, farm, and genset. As far as CAPEX is concerned we significantly invest that in technology and a little bit on maintenance CAPEX, we expect it will be in the range of about Rs. 50 crores per annum.

Prayesh Jain: Rs. 15 crores?

Narayan Barasia: Five-zero, Rs. 50 crores.

Moderator: Thank you. The next question is from the line of J. Daniel from Entropy Advisors. Please go ahead.

J. Daniel: Sir, you said on the leap engines you are talking with some MNC customers. So, would export of these engines be an active possibility and secondly, do you have a dividend policy.

Narayan Barasia: Absolutely, so coming to the second question, we have a dividend policy which was approved by the board and we will put it to public so we have dividend policy. In terms of your first question on leap, leap our solutions is workable both in domestic market, as well as

international market. We are very happy to work with international clients as well as, we are working with some of the few clients. So, yes, why not there are good opportunity, this engine is good and we should be able to get some domestic as well as international customers on board.

Moderator: Thank you. The next question is from the line of Bharat Gianani from Sharekhan. Please go ahead.

Bharat Gianani: In an earlier response to one participants question, you said that you had some advantages as far as some approval for the leap engine of the BS-VI engine is cornered, so I mean just you can highlight I mean what sort of advantage you have?

Narayan Barasia: Our engine is modular and we make sure that it is cost effective. The second is it is modern engine, it is protected for emission and apart from everything else is what we provide is the time to market, right. So, if we have a solution ready, customers are looking for a faster solution, best is to get our engine on board, we provide a scale advantage to them, right, so rather than they manufacturing their own engines which becomes very CAPEX intensive and cost disadvantage as well, we provide them all those advantages and on top of it there is also an aftermarket network which the OE get an access to.

Bharat Gianani: Correct. Okay, so this multi cylinder would be for three tonner and above vehicles, right?

Narayan Barasia: One tonne and above, this is for one tonne and above.

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

Bhargav Buddhadev: Sir, in the multi brand spares business would it be fair to say that large part of market would be actually cater by several of these curious players and hence, possibly Greaves stands a good chance to take market share from them?

Nagesh Basavanhalli: Yes, in fact when somebody asked the question about the upside that is where we believe with our reach and with our quality parts and the network that we have across the country, we believe that spurious market players is more than 40% of that market today we believe so, there is an opportunity to eat into that market over a period of time.

Bhargav Buddhadev: And sir, what could be our pricing when compared to the spare parts sold by these original equipment manufacturers and these spurious players would it be somewhere in between?

Nagesh Basavanhalli: I would say, yes, it would be somewhere in between because it is value pricing but again, we have to certify to a particular quality standard in terms of Greaves standard. So, we make sure that it is value based pricing but it is also something that our customers are happy to use a Greaves branded certified part.

Bhargav Buddhadev: And margins could be north of 20 odd percent, would it be fair to say?

Narayan Barasia: Yes, so it is start when the business starts we may not be so cost effective. So, in the range of 20% yes, but as we go along we have to see how do we pull the margins up.

Moderator: Thank you.

Nagesh Basavanhalli: If there are no more questions, I would like to thank you all for attending this session and we appreciate your continued interest in our company. Thank you and have a great day.

Moderator: Thank you. On behalf of Greaves Cotton Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.