

PRESS RELEASE

Weak market impacts Sales of Greaves Cotton

... Company focuses on 2X2 Strategy to drive revenue growth and improve profitability...

Declares 30% final dividend

Editor Synopsis

- Q4FY14 Performance Vs Q4FY13
 - Net Sales at Rs 435 crore, decline by 12%
 - EBITDA at Rs 46 crore against Rs 63 crore for Q4FY13
 - Net Profit at Rs 52 crore against Rs 39 crore for Q4FY13

- FY14 Performance Vs FY13
 - Net Sales at Rs 1719 crore, decline of 8%
 - EBITDA at Rs 194 crore against Rs 242 crore for FY13
 - Net Profit at Rs 113 crore against Rs 138 crore for FY13
 - EBITDA margin stood at 11.3% as against 12.9% for FY13

Mumbai, April 30, 2014: Greaves Cotton Limited, one of India's leading engineering companies reported Net Sales of Rs 435 crore for the quarter ended 31st March 2014 as against Rs 496 crore for the corresponding period last year; a decline of 12%. During the three month period, the company reported Net Profit of Rs 52 crore as against Rs 39 crore last year.

The Company declared a final dividend of 30% i.e., Rs 0.60 on a face value Rs. 2/-. Following this the total dividend for the fiscal including interim dividend stood at 65% i.e., Rs 1.30 on face value of Rs. 2/-.

The EBITDA margin for the quarter stood at 10.6% as against 12.7 % reported in Q4FY13.

For the full year, the Company registered Net Sales of Rs. 1719 crore as against Rs. 1873 crore during the corresponding period last year. Net profit for the year was at Rs. 113 crore as against Rs. 138 crore, a decline of 18%.

As part of its 2X2 Strategy, the company has been focusing on driving growth by expanding Product Play & strengthening Market Play and driving profitability through Operational Excellence and Building Functional Capabilities.

FY13-14 witnessed new product launches across businesses catering to the evolving demands of the market and customers. With the market ready 265cc gasoline engine, the automotive engine business is now geared to partner with OEMs for quadricycles. New products were added to the power business with the inclusion of the sub 20 KVA genset range addressing the retail market as well as CPCB2 norm compliant range of engines and gensets. Farm equipment business strengthened its presence in the irrigation segment with thrust on diesel engine and electrical pumpsets. The business is also strengthening its presence in the fast growing Light Agri Equipment space with a rapid product indigenization plan. The construction business launched the S-valve Concrete Pump and Boom Pump to augment its product offerings.

The company entered into partnership with TVS Motors for supply of diesel engines for 3W segment. The company is also strengthening its channel presence to gain market share in diesel pumpset, electrical pumpset and genset segment.

To further strengthen its geographical diversification, the company expanded its global footprint by setting up office in Tanzania and strengthening establishment in UAE to focus on East Africa and the Middle East markets. In addition to this, the company is focusing on South East Asia and SAARC regions to increase the contribution of International Business, significantly.

With Service as a clear differentiator, the company further deepened its dealer network across businesses. Its Aftermarket business which ensures spares and service support for all Greaves products is working on initiatives to enhance responsiveness through optimal use of technology. The business is also looking at leveraging its vast distribution network for supporting non-Greaves products.

To enhance profitability, the company is focusing on operational excellence initiatives which saw improvement in material cost through Value Engineering and sourcing initiatives. Greaves also exited non-strategic assets and wound up 100% subsidiary in Netherlands pursuant to divestment in the step down subsidiary in Germany, resulting in a loss of Rs 39 crore during the year FY14. The Company also sold few residential premises at profit of Rs 36 crore during the year FY14.

The Company reported EPS of Rs 4.63 for FY14 as against Rs 5.65 in FY13.

Commenting on the company's performance during the year, **Mr. Sunil Pahilajani, MD & CEO**, said: "Though the bleak market scenario is reflected in our financial performance, we have been able to maintain market leadership and market share across major products and businesses. Delivering newer products to the market, adapting contemporary emission norm specified technology, servicing millions of customers with a seamless service network has helped in consolidating this market dominance. As an organisation we remain performance driven and customer centric.

Through focused internal initiatives we have been able to achieve reduction in material costs from 70.1% to 68.7%. We as a Company continue to invest in technology and organisational development in order to deliver increased customer satisfaction and increased shareholder value through innovation and service.”

About Greaves Cotton (www.greavescotton.com)

Greaves Cotton Limited, a Rs. 1750 crore, multi-product, multi-locational company is one of the leading engineering companies in India with core competencies in diesel/ petrol engines, farm equipment, gensets and construction equipment. The Company sustains its leadership through ten manufacturing units which produce world class products backed by comprehensive marketing and service/ parts network throughout the country.

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