



**GREAVES**

SINCE 1859

# GREAVES COTTON LIMITED

**INVESTORS MEET**  
**May 2012**



# Disclaimer

*Certain statements in this presentation concerning our future growth prospects are forward looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in our industry of operations including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, cost overruns, client concentration, our ability to manage our international operations, our ability to successfully complete and integrate potential acquisitions, liability for damages on our contracts, the success of the companies in which Greaves Cotton Limited has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Greaves Cotton Limited may, from time to time, make additional written and oral forward-looking statements, including our reports to shareholders. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.*

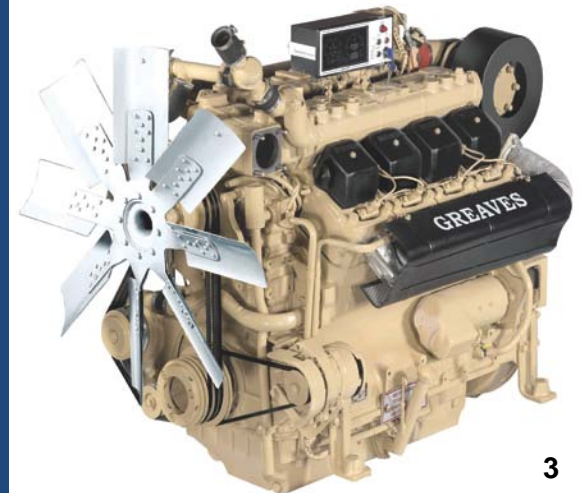
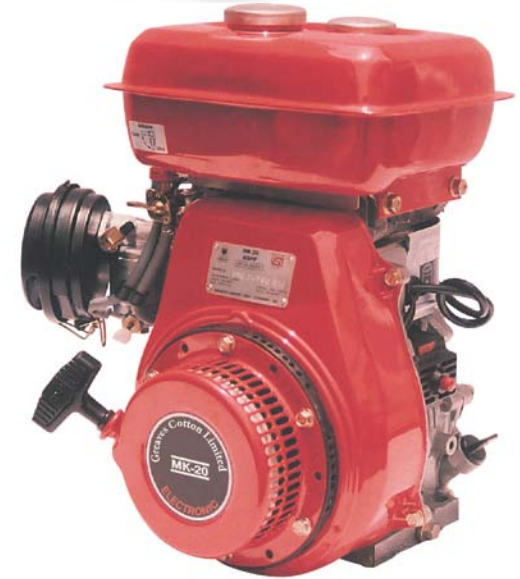
# CONTENTS

- About GCL

- Key Differentiators

- Financial

- Growth Plans



# GREAVES IS ONE OF THE LEADING ENGINEERING COMPANIES IN INDIA...

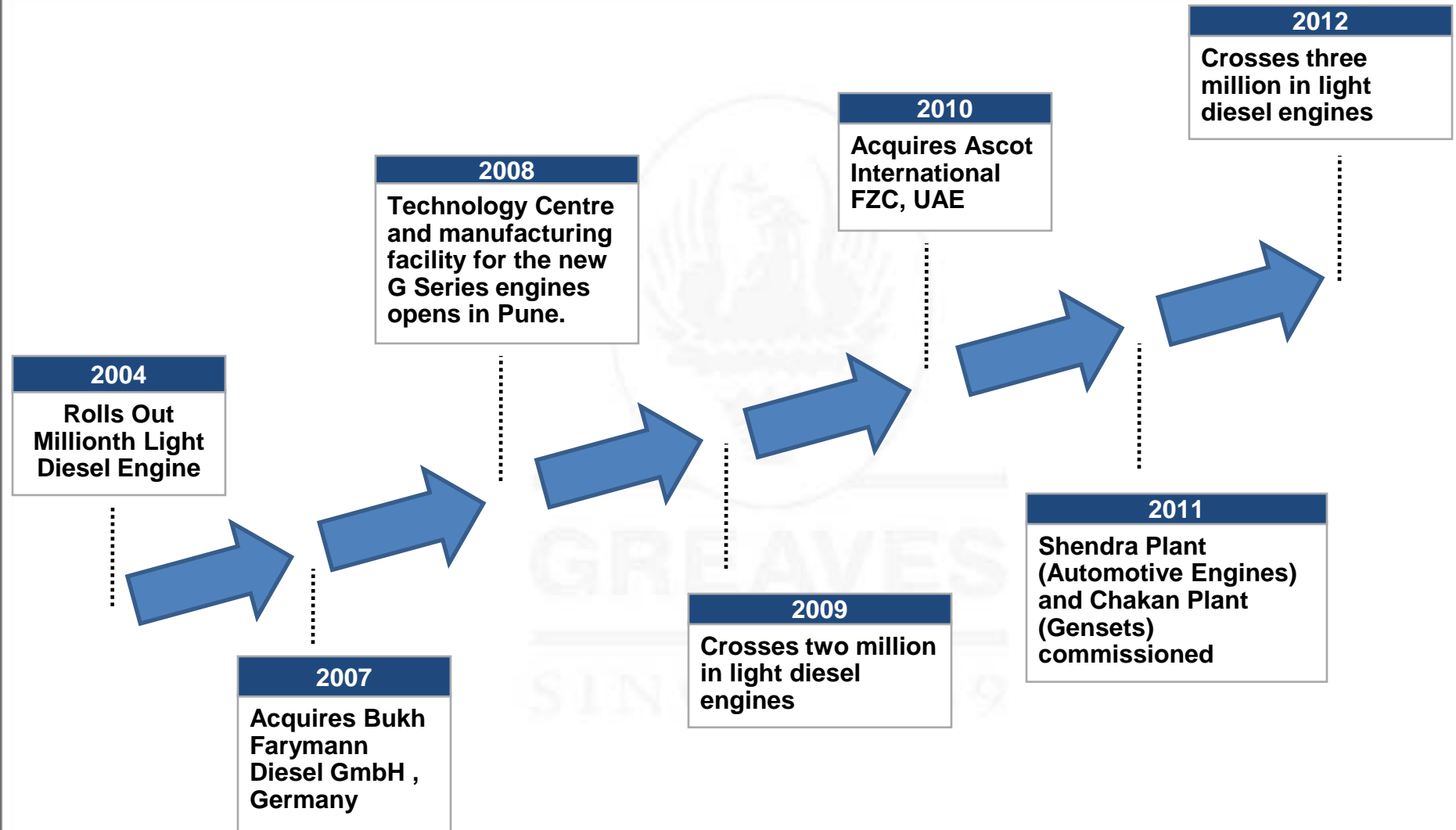


# ... WITH RICH HERITAGE OF OVER 150 YEARS



- **Established in 1859 by James GREAVES, joined later by George COTTON**
- **Manufactures wide range of industrial products such as Diesel / Petrol Engines for Automotive and Industrial applications, Gensets, Pumpsets, Farming Equipment and Construction Equipment at 12 manufacturing facilities.**
- **Company is in the process of establishing its footprint overseas and has established offices in U.K. and China and two subsidiary companies in Germany and Middle East**
- **Diversified business lines, multiple products and many customers have enabled to de-risk the business model**

# GREAVES HAS MADE RAPID STRIDES OVER THE PAST DECADE



# THE COMPANY OPERATES THROUGH FIVE BUSINESS DIVISIONS WITH AUTOMOTIVE BEING THE LARGEST



## GCL - Business Divisions

FARMING EQUIPMENT	AUTOMOTIVE ENGINE	INDUSTRIAL ENGINE	AUXILIARY POWER	CONSTRUCTION EQUIPMENT
<ul style="list-style-type: none"> <li>• Wide range of farming equipment to enhance farm productivity</li> <li>• Market leader in Petrol / Kerosene Engines</li> <li>• Product Range:                             <ul style="list-style-type: none"> <li>◦ Petrol / Kerosene engines &amp; Pumps</li> <li>◦ Portable / Conventional Diesel Pump-sets</li> <li>◦ Power Tillers, Reapers &amp; Mini Farming equipment</li> </ul> </li> <li>• Manufacturing &amp; Product Development Facility at Gummidipoondi (TN)</li> </ul>	<ul style="list-style-type: none"> <li>• Light Diesel Engines for automotive application - Range : 4.4 to 25 HP</li> <li>• Market leader in single cylinder diesel engine</li> <li>• Product conformance to emission norms</li> <li>• Manufacturing &amp; Product Development Facilities at Aurangabad (MH) and Ranipet (TN)</li> </ul>	<ul style="list-style-type: none"> <li>• Diesel Engines from 1.4 to 750 HP range with option for CNG / LPG fuel</li> <li>• Provide engines for different industrial applications</li> <li>• Manufacturing &amp; Product Development Facilities at Pune</li> <li>• In-house foundry for custom built castings</li> </ul>	<ul style="list-style-type: none"> <li>• Fuel efficient, rugged and reliable Gensets conforming to latest emission norms</li> <li>• Range: 500 VA to 550 kVA</li> <li>• Manufacturing &amp; Product Development Facilities at Pune</li> </ul>	<ul style="list-style-type: none"> <li>• Construction machinery for infrastructure sector</li> <li>• Compaction Products - Vibratory, Tandem &amp; Pneumatic Tyre Rollers</li> <li>• Concreting Products - Concrete pumps, Transit Mixers, Batching Plants</li> <li>• Earthmoving - Wheel Loader &amp; Motor Grader</li> <li>• Manufacturing &amp; Product Development Facilities at Gummidipoondi (TN)</li> </ul>

**ENGINE SEGMENT (91%)**

**INFRA SEGMENT (9%)**

# GREAVES OFFERS A DIVERSIFIED PRODUCT PROFILE TO ITS VALUED CUSTOMERS...



## GCL - Major Products

### FARMING EQP



**Power Tiller**

### AUTOMOTIVE



**Single Cylinder Engine**

### INDUSTRIAL ENGINE



**Marine Engine**

### AUXILIARY POWER



**Portable Genset**

### CONSTRUCTION EQP



**Road Compactor**



**Reaper**



**Twin Cylinder Engine**



**8 Cylinder Engine**



**Canopised Genset**



**Paver**



**Petrol Engine**



**Twin Cylinder Engine with Power-pack**



**G-Series Engine**



**Non-canopised Genset**



**Transit Mixer**



# ... AND SERVES MULTIPLE SECTORS OF INDUSTRY



## GCL - End Use Sectors

### FARMING EQP

- Medium & Small Farms
- Gardens & Landscaping

### AUTOMOTIVE

- 3 Wheeled Commercial Vehicle manufacturers
- 4 Wheeled Small Commercial Vehicle manufacturers

### INDUSTRIAL ENGINE

- Agriculture
- Fire Fighting
- Mining & Construction
- Material Handling
- Rail Cars
- Road Sweepers
- Marine Propulsion

### AUXILIARY POWER

- Manufacturing Enterprises
- Commercial & Residential Complexes
- Hotels
- Hospitals
- Defence
- Retail Outlets
- Marine Applications

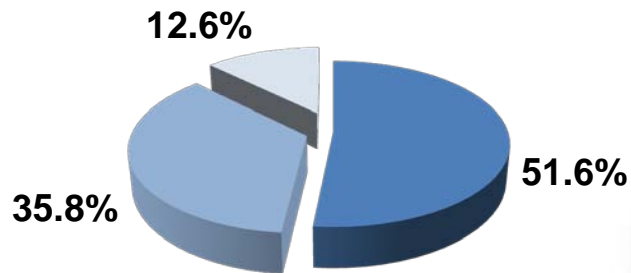
### CONSTRUCTION EQP

- Concreting Industry
- Construction Industry
- Roads Building; Asphalt Paving



# SHAREHOLDING PATTERN

## SHAREHOLDING PATTERN (as on 31.03.12)



- Promoters
- Institutional Investors
- Indian Public

- Share Capital : INR 48.84 Cr
- Listing :
  - Bombay Stock Exchange (BSE)
  - National Stock Exchange (NSE)
- Market Capitalization : INR 2,274 Cr (as on 31.03.12)

## GREAVES COTTON LIMITED – Subsidiary Companies

### International Subsidiaries

- Greaves Cotton Netherlands B.V., Netherland
- Greaves Farymann Diesel GmBH, Germany
- Ascot International FZC, UAE

### Indian Subsidiaries

- Greaves Leasing Finance Ltd
- Dee Greaves Ltd
- Greaves Auto Ltd

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- About GCL

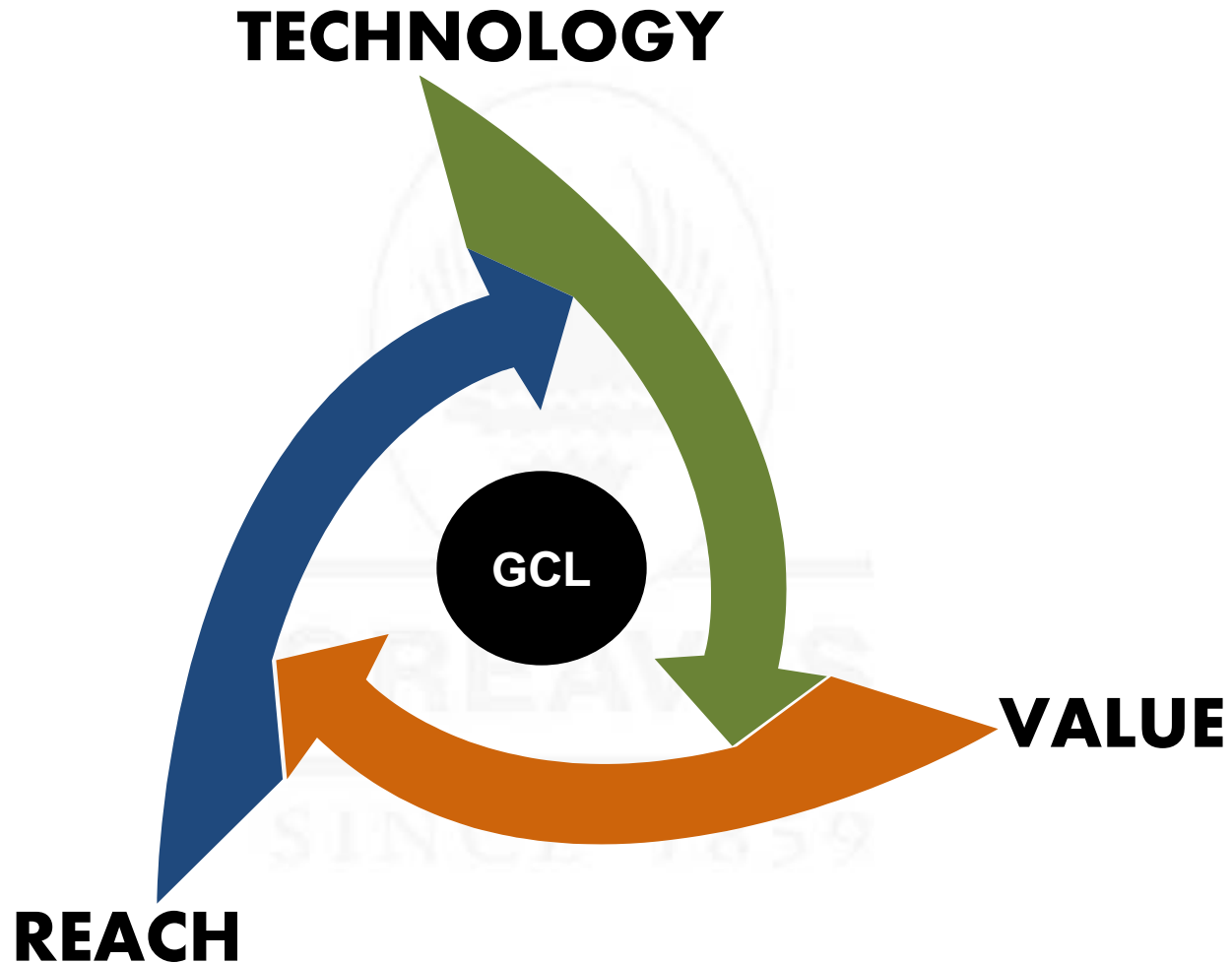
- Key Differentiators

- Financial

- Growth Plans



# GREAVES VALUE PROPOSITION RESTS ON THE PILLARS OF TECHNOLOGY, VALUE AND REACH



# THE COMPANY DERIVES STRENGTH FROM STRONG INHOUSE PRODUCT DEVELOPMENT CAPABILITIES....



## *New Products Introduced*

- 900 cc BSIII engine delivering 18 hp for automotive applications
- 265 cc BSIII engine delivering 9.5 hp for automotive applications
- 6 cylinder: 196 HP BS III diesel engine for industrial applications
- New engine applications launched for Combined Harvester, Road Sweeper, Transit Mixer, Concrete Pumps
- 60 CBM Twin Shaft Batching Plant
- Economy model of 4 HP Diesel Pumpset
- 4.5 HP Overhead Valve Petrol/ Kerosene Engine

# .... AT OUR WORLD CLASS TECHNOLOGY CENTERS

- **Strong R&D set-up in India with State-of-Art Technology Centers for Engine Development at Aurangabad and Pune with over 100 R&D personnel**
- **Technology Center for Farming equipment development under construction**



Technology Centre at Aurangabad

## TECHNOLOGY CENTRE – Aurangabad

- **State-of-the-art Technology Center dedicated for diesel engine development for automotive applications**
- **Strong relationship with world renowned engine designers**
- **Focus on extending diesel engine range to 50 – 70 KW for commercial vehicles**



Design Centre

## TECHNOLOGY CENTRE - Pune

- **State-of-the-art Technology Centre for multi-cylinder, multi purpose diesel engines upto 750 HP**
- **Testing facility equipped with sophisticated equipment is among the best in the industry**
  - **Capability to test engines upto 2 MW**
  - **Capability to test gas engines**



Test Centre

# OUR STATE OF THE ART MANUFACTURING FACILITIES DELIVER QUALITY PRODUCTS TO OUR CUSTOMERS

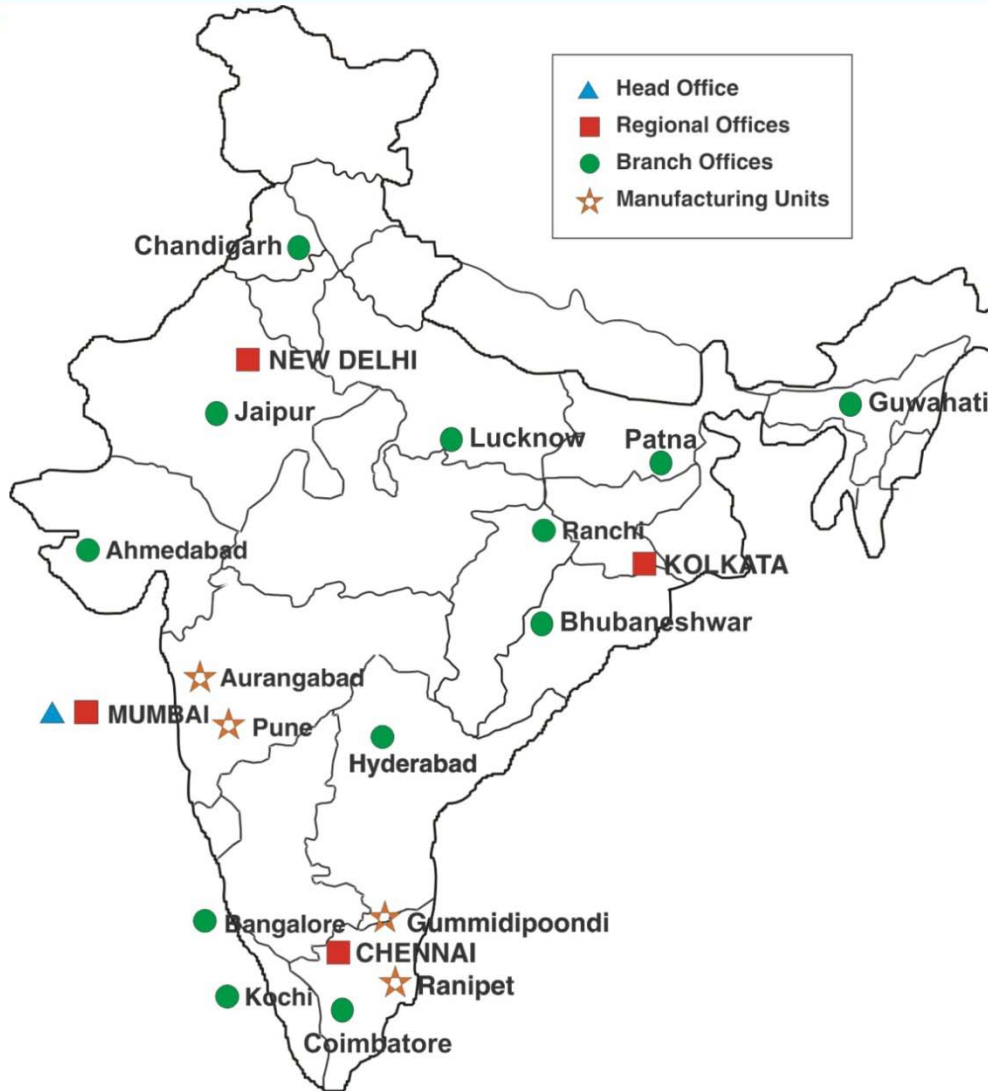


- Greaves has 12 well equipped manufacturing facilities at Aurangabad, Pune , Ranipet, Gummidipoondi and Germany
- Our high quality, low cost manufacturing facilities leverage:
  - New generation manufacturing equipment
  - ISO/TS 16949-2002 certified processes
  - Highly skillful team
- Our manufacturing has received citations in form of “Gold Awards” for Cost Management from ICWAI (2011); & for Indian Manufacturing Excellence by Frost & Sullivan (2008)



*High Quality and Efficient Manufacturing Infrastructure*

# GREAVES ALSO HAS A STRONG SALES & SERVICE NETWORK IN INDIA



- **Head Office : Mumbai**
- **Regional Offices (4) :**
  - Mumbai, Delhi, Kolkata and Chennai
- **Branch Offices (12) :**
  - Ahmedabad, Ranchi, Bengaluru, Kochi, Hyderabad, Jaipur, Lucknow, Patna, Guwahati, Chandigarh, Coimbatore and Bhubaneswar
- **Manufacturing Units (12) :**
  - Pune (2), Aurangabad (4), Gummidipoondi (4), Ranipet (1) and Germany (1)
- **Overseas Offices/ Distribution Network**
  - Germany, UK, UAE and China
- **Over 1200 dealers throughout India**



# WE BELIEVE THAT OUR STRONG RELATIONSHIP WITH VARIOUS STAKEHOLDERS DRIVES OUR SUCCESS



Happy

**Our Employees**



Happy

**Our Channel Partners**



Happy



**Our Customers**



Happy

**Our Community**

# CONTENTS

- About GCL
- Key Differentiators
- Financial
- Growth Plans



# SNAPSHOT – KEY ACHIEVEMENTS 2011-12

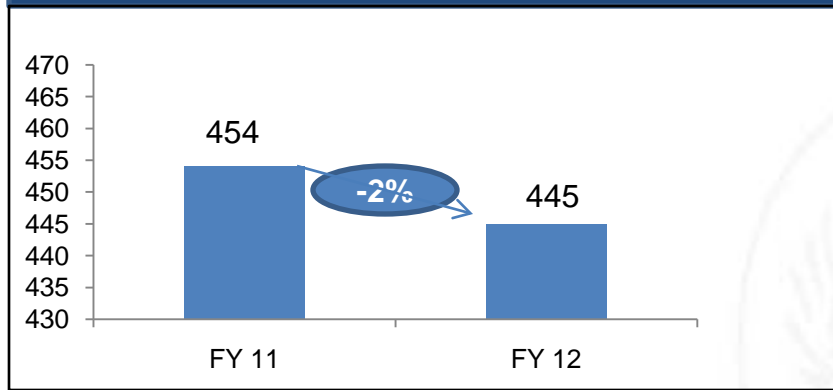
## KEY ACHIEVEMENTS

- **3 millionth light diesel engine rolled out by Automotive Division**
- **Shendra Plant (Automotive Engines) and Chakan Plant (Gensets) commissioned**
- **Ranipet union agreement signed: pending for last 5 years**
- **Ranipet Unit expansion doubling the capacity is underway**
- **Brand visibility strengthened by “Happy Engineering” campaign**

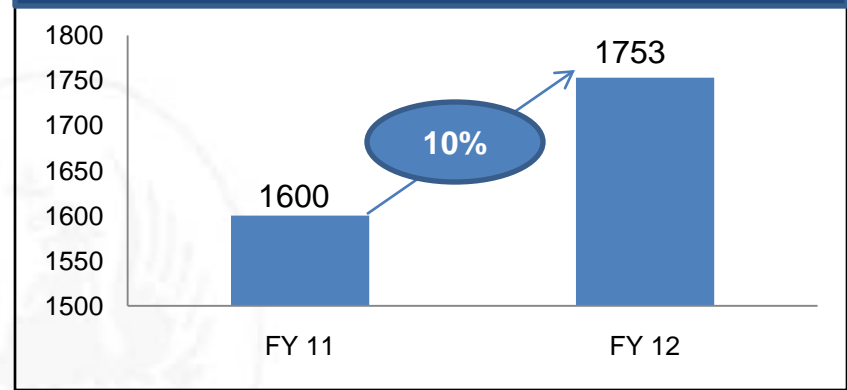
SINCE 1859

# REVENUE FOR THE YEAR GREW BUT THE LAST QUARTER WITNESSED SLOWDOWN

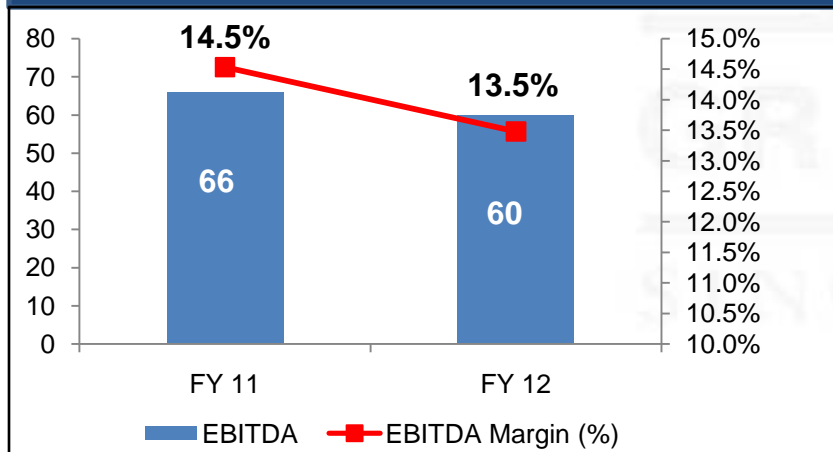
## REVENUE Q4 (INR Cr)



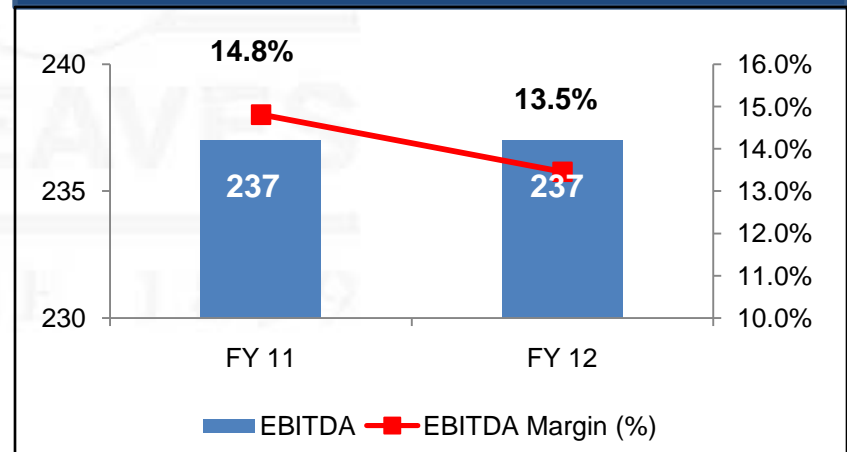
## REVENUE (INR Cr)



## EBITDA Q4 (INR Cr)



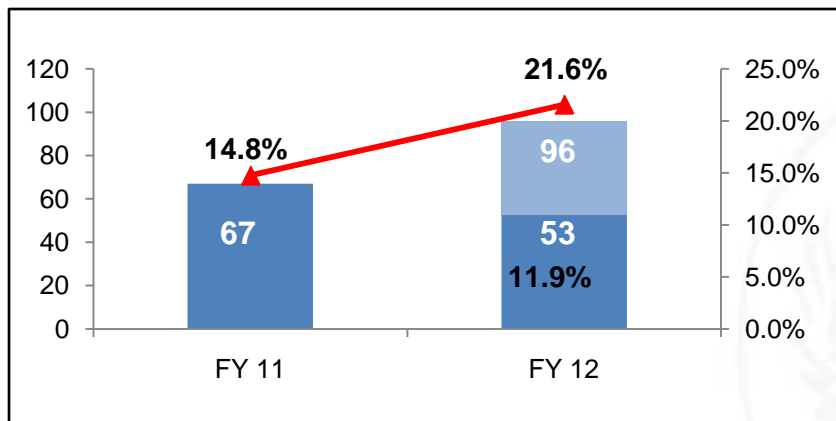
## EBITDA (INR Cr)



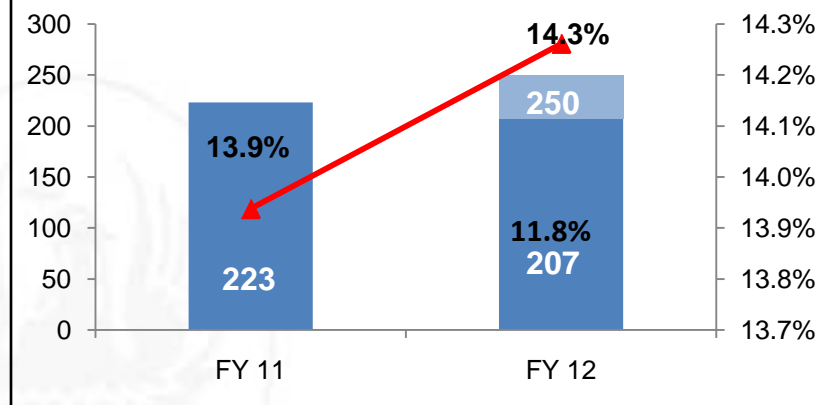
\* FY 11 is figures for the period b/w Apr'10 to Mar'11

# COMPANY HAD AN ADVANTAGE OF EXCEPTIONAL INCOME; LIKE TO LIKE PROFITABILITY CAME UNDER PRESSURE

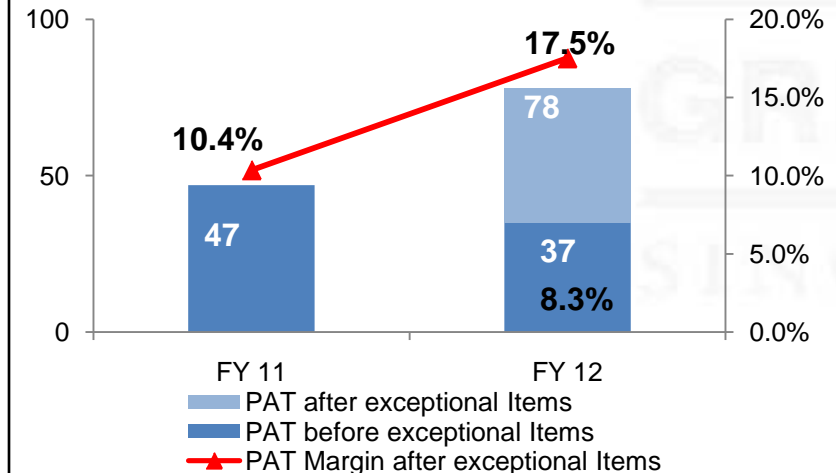
### PBT Q4 (INR Cr)



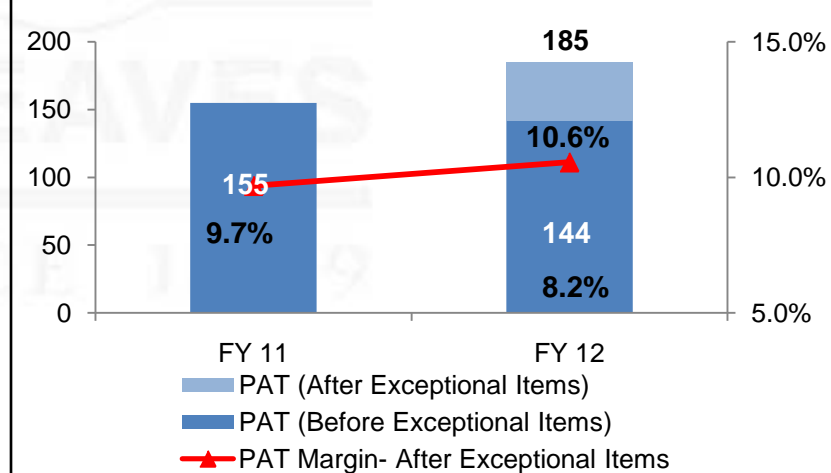
### PBT (INR Cr)



### PAT Q4 (INR Cr)



### PAT (INR Cr)



\* FY 11 is figures for the period b/w Apr'10 to Mar'11

# THE COMPANY ACHIEVED REVENUE GROWTH DRIVEN BY AUTO AND INDUSTRIAL ENGINES

## REVENUE DRIVERS: *Revenue up by 10%...*

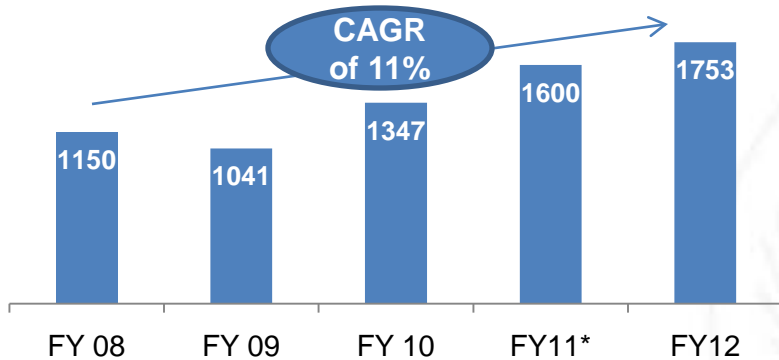
- Automotive segment growth driven by 4 Wheel SCV (< 1T) segment
- Farming equipment maintained its revenue contribution- lower sales in pumpsets offset by faster growth in light farming equipment such as power tiller.
- Industrial Engines business expanded into new application areas such as construction equipment
- Contribution from exports increased in farming equipment, gensets and industrial engines
- Growth of genset and construction equipment business was impacted by slowdown in infrastructure segment

## Significant Investments done to drive future growth...

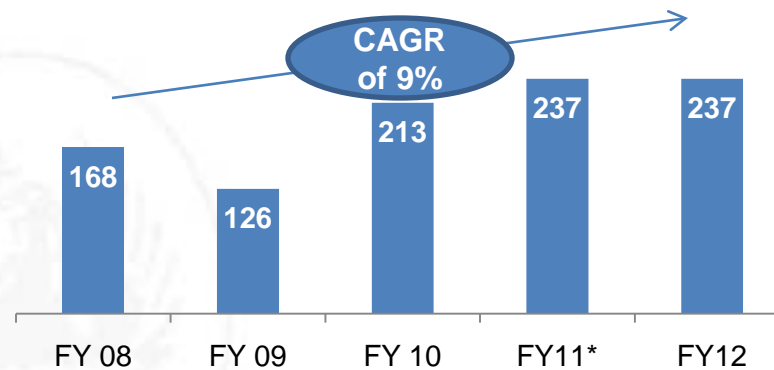
- Organization Building: Focus on building the market development teams across segments
- Brand visibility strengthened by “Happy Engineering” campaign

# THE COMPANY HAS SUSTAINED GROWTH IN LAST 5 YEARS

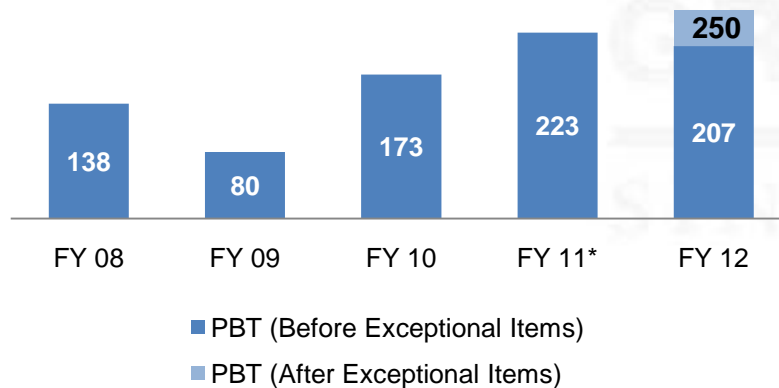
## REVENUE (INR Cr)



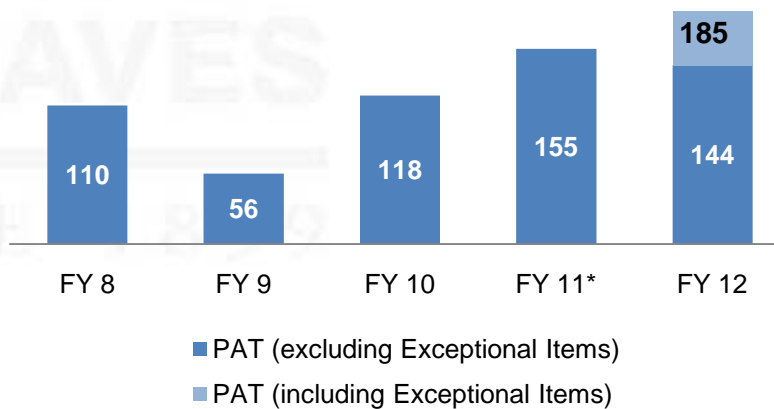
## EBITDA (INR Cr)



## PBT (INR Cr)



## PAT (INR Cr)

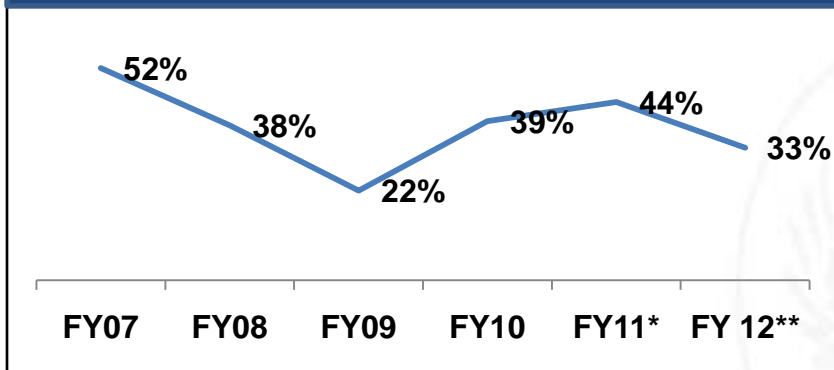


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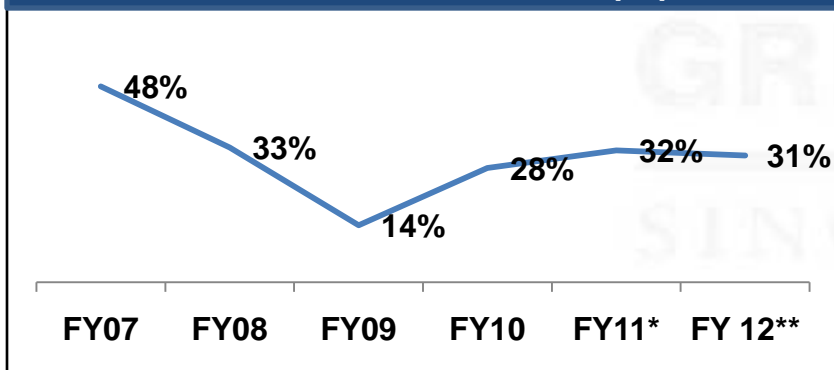
# RETURN ON CAPITAL EMPLOYED AT 33% AND ROE AT 31% IN FY12



## RETURN ON CAPITAL EMPLOYED (%)



## RETURN ON EQUITY (%)



### Reasons for decline:

- Pressure on profitability due to product mix and pricing pressure on certain sectors
- Investments made in manufacturing units; capacity is still to be fully ramped up

\* FY 11 is figures for the period b/w Apr'10 to Mar'11

\*\* FY 12 ROE figures is based on the PAT including exceptional items



# THE COMPANY PROVIDED BETTER SHAREHOLDER RETURNS IN FY12



	FY 08	FY 09	FY 10	FY 11*	FY 12**
EPS (Rs.)	4.5	2.2	4.8	6.3	7.6
DPS (Rs.)	1.6	1.4	1.4	1.5	2.0
Avg. Market Price (Rs)	42.2	19.8	30.3	76.6	85.5
Net Worth (Rs. Cr)	371	404	437	522	665
BVPS (Rs.)	15.2	16.5	17.9	18.4	27.2
Net Debt ( Rs. Cr)	49	44	5	2	0

\* FY 11 is figures for the period b/w Apr'10 to Mar'11

\*\* EPS and DPS have been computed based on the PAT including exceptional items

# SNAPSHOT - INCOME STATEMENT

<i>Rs Cr</i>	FY11		FY12	
	Q4	12M	Q4	12M
Revenue	454	1600	445	1753
EBITDA	66	237	60	237
Depreciation	7	28	9	32
Interest	1	1	1	3
Other Income	9	16	3	6
PBT	67	223	53	207
Income from Exceptional Items	0	0	43	43
PBT after Exceptional Items	67	223	96	250
PAT (excluding exceptional items)	47	155	37	144
PAT (including exceptional items)	47	155	78	185

# SNAPSHOT - BALANCE SHEET



Rs Cr	Mar'11	Mar'12
<b>Equity &amp; Liabilities</b>		
Shareholders Fund	526	669
Non- Current Liabilities	55	54
Current Liabilities	400	382
<b>Total</b>	<b>981</b>	<b>1106</b>
<b>Applications</b>		
Fixed Assets (Net)	273	346
Investment	17	59
Current Assets	600	611
Other Non- Current Assets	91	90
<b>Total</b>	<b>981</b>	<b>1106</b>

# SNAPSHOT - KEY FINANCIAL & OPERATIONAL RATIOS

Category		Unit	FY 11	FY12
Profitability	EBITDA Margin	%	14.8%	13.5%
	Net Profit Margin (exc. exceptional items)	%	9.7%	8.2%
	Net Profit Margin (inc. exceptional items)	%	9.7%	10.6%
Activity	Fixed Asset Turnover	Times	5.9	5.1
	Average Debtor Days	Days	59	53
	Average Inventory Days	Days	52	48
	Average Trade Creditors Days	Days	64	62

# FINANCIAL STABILITY

- **Credit Rating upgrade from AA - to AA by Fitch**
- **Consistent track record of paying quarterly dividends**
- **Consistent Revenue growth- Improvement in Operating Cash Flows**
- **Low Gearing: Nearly debt-free**

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# KEY SECTORS OF GREAVES' PRESENCE EXPECTED TO SUSTAIN GROWTH



## AUTOMOTIVE SECTOR

- Commercial Vehicle segment is dependent on level of industrial activity in the country. While, decline in industrial activity during the past year impacted the heavier load categories, the LCV segment maintained a healthy growth rate on account of continued strengthening of the last mile distribution network.
- As the road network in the country improves and level of urbanization increases, the hub and spoke transportation model will further strengthen and drive faster growth in the LCV segment
- The SCV segment (<1T) is sustaining its growth trajectory. 3W cargo slow compared to 4W.

## INFRASTRUCTURE & CONSTRUCTION SECTOR

- Infrastructure and Construction sector is a strong driver for our construction equipment and genset business
- The 12th Five Year Plan (2012-17) envisages investments of over \$1 trillion in the sector. However, given the current policy/ political environment, these investments are expected to get delayed
- At a sub-segment level, road construction is expected to pick-up faster, as focus shifts to bringing the long delayed projects under NHDP to execution; Commercial construction is expected to remain suppressed for a slightly longer duration; Vast gap in power demand-availability expected to continue over the next decade

# KEY SECTORS OF GREAVES' PRESENCE EXPECTED TO SUSTAIN GROWTH



## INDUSTRIAL SECTOR

- Growth in industrial sector expected to revive towards second half of the current financial year. The long term growth trend remain intact and the sector will continue to attract investments in manufacturing, infrastructure and agriculture which will together drive growth in core sectors
- Growth in industrial sector will be driven by rising domestic demand as well as growing exports from India, as India emerges as the manufacturing base for the region

## POWER SECTOR

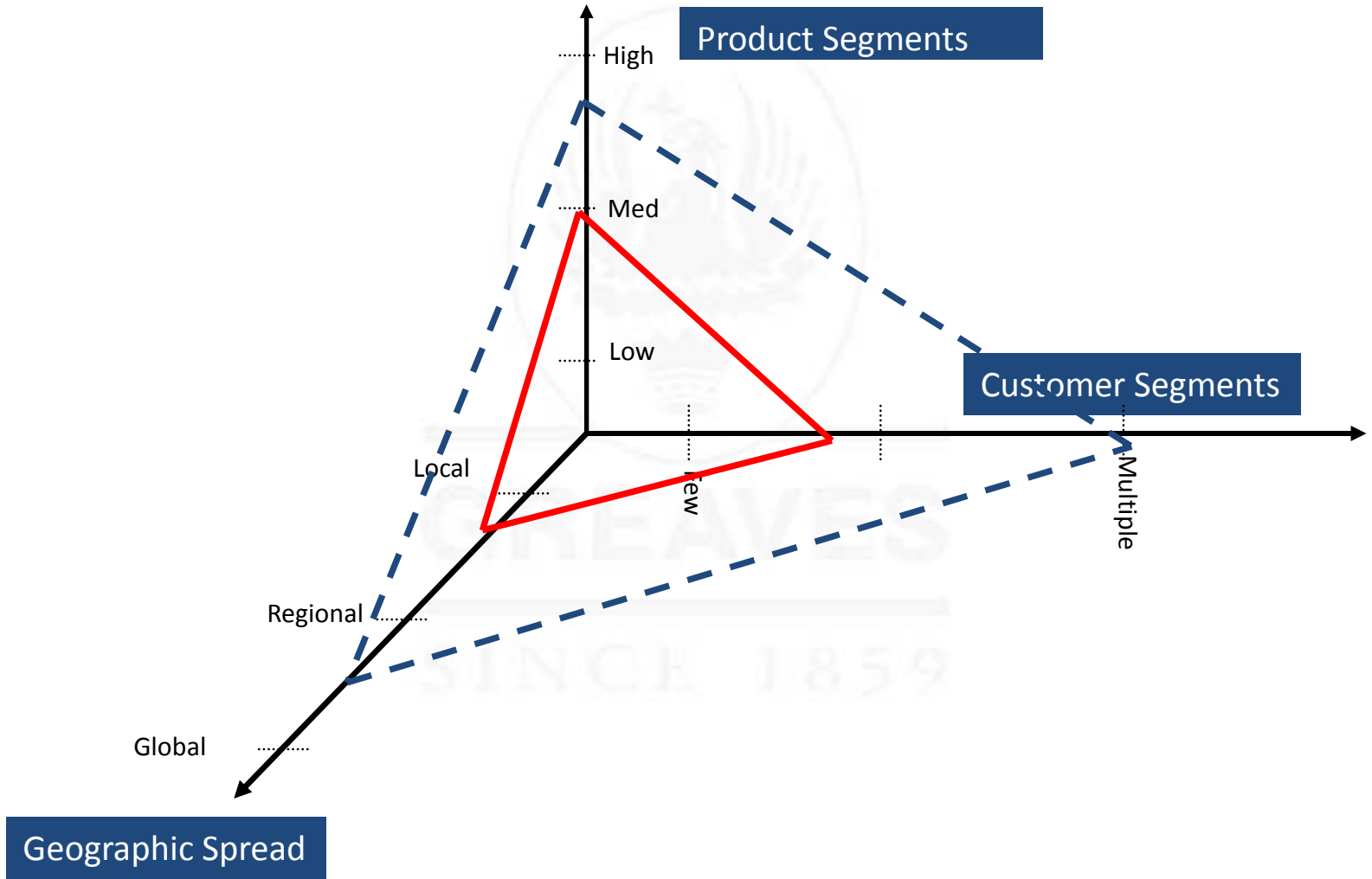
- The Central Electricity Authority (CEA) has projected an energy shortfall of 10.3% and peak shortage of 12.9% in the country during FY12. This is expected to worsen further as rising demand from industry, homes and shopping malls outstrips capacity growth
- The country has a projected energy shortfall of over 75,000 MW over the next five years to support GDP growth of 9%. This shortfall will drive growth of genset market as planned power projects to bridge this demand-supply gap are unlikely to be commissioned on time

## AGRICULTURE SECTOR

- Agricultural sector in India is experiencing rapid mechanization to improve productivity as food requirements increase to support a growing population base
- The increased scarcity and cost of farm labour is driving demand for farming equipment in the small and medium farms, which traditionally were not mechanized
- Export of agricultural machinery from India is providing further fillip to manufacturers in India
- Meteorological department has forecasted a normal monsoon in 2012, which augurs well for continued growth of the agricultural sector



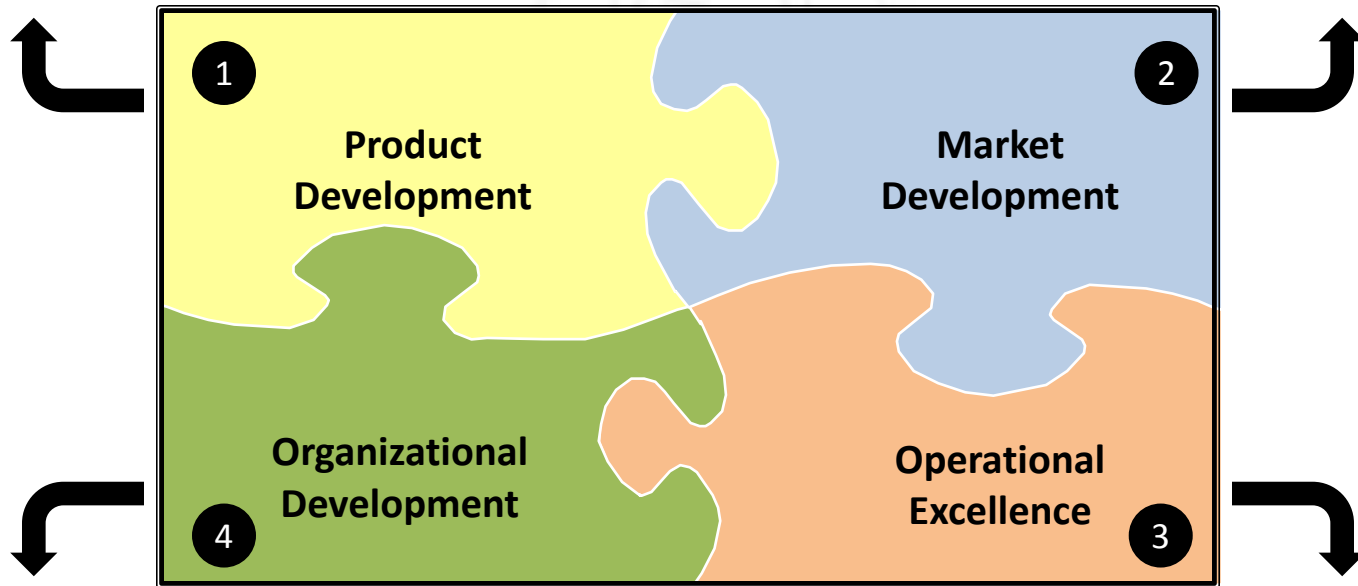
# GREAVES IS WORKING ALONG STRATEGIC GROWTH LEVERS TO EXPAND ITS FOOTPRINT & DRIVE PROFITABLE GROWTH



# THE COMPANY HAS IDENTIFIED FOUR IMPORTANT GROWTH LEVERS

- *Strengthen in-house product development capabilities*
- *Close gaps in product portfolio*
- *Develop products for adjacent markets*

- *Strengthen channel partners*
- *Enhance International Business*
- *Enter into alliances with global players*



- *Strengthen senior management team to support faster growth*
- *Drive performance driven culture*
- *Make Innovation the way of life at Greaves*

- *Organization wide cost optimization initiatives to improve profit margin*
- *Process improvement in Manufacturing and Supply Chain*

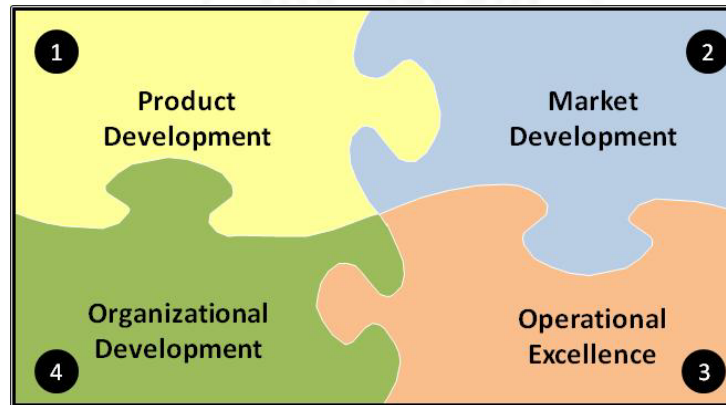
# GROWTH DRIVERS FOR EACH BUSINESS ARE ALIGNED TO THESE LEVERS

## AUTOMOTIVE

- Expand into higher capacity engines (>1T)
- Evaluate contract manufacturing opportunities
- Strengthen R&D capability for higher capacity engines

## FARMING EQUIPMENT

- Strengthen portfolio of light farming equipment
- Improve penetration in diesel and electrical pumpsets



## INDUSTRIAL ENGINE

- Develop new applications for construction and farming segment
- Upgrade engines to meet European emission norms

## AUXILIARY POWER

- Launch gensets in less than 15kVA and more than 500 kVA range
- Strength service back-bone for gensets

## CONSTRUCTION EQUIPMENT

- Launch new products in concrete and road equipment segment
- Develop strong corporate accounts

**Strengthen international network to drive exports**  
**Enhance synergies within different businesses to drive aftermarket business**

# IT IS INVESTING TO BUILD GROWTH PLATFORMS AND CAPABILITIES

- **Capex of Rs 105 Cr. during 2011-12 was primarily focused on capacity creation in light diesel and petrol/kerosene engine**
- **Capex of ~ Rs 150 Cr. during 2012-13 will predominantly focus on technology and product development capabilities and also completing Ranipet expansion**
- **Focused geographic expansion in chosen markets**
- **Company wide cost reduction program focused on Procurement and Manufacturing Excellence**
- **To ensure long term sustainability, it is investing in building organization , institutionalizing innovation and continuous improvement**
- **Plan to sustain brand building exercise**

# THE COMPANY HAS WELL LAID OUT PLANS TO IMPROVE BRAND VISIBILITY



Happy engineering is pumping in loads of laughter

Happy engineering isn't just about manufacturing products. It's about spreading happiness in smiles. And such genuineness is hard to come by. It's no wonder that many Indian farmers trust Greaves pumps to irrigate their lands. Such is their joy of pumping water into their farms. What's more important though, is it pumps to joy.

Happy engineering is building stronger foundations of joy

Happy engineering dips deep into the very core of human existence. It brings health, wealth and emotions. We wonder that our most treasured possessions and our equipment are their own. After all, each thing's primary is here to live. Machinery that takes life to another level, isn't it?

Happy engineering is generating brighter moments

Happy engineering builds more than just gears. It builds machines that power lives. It brings life to life's special moments. It's no wonder that most of India's most prominent establishments look to us for their power requirements. It's all power to provide light, but especially, some extra voltage to the life joy that we live.



# THE COMPANY ALSO UNDERTAKES INITIATIVES TO STRENGTHEN CORPORATE SUSTAINABILITY

- Greaves is actively engaged in the empowerment of the disadvantaged and weaker sections of the society in Aurangabad (Maharashtra) and Ranipet (Tamil Nadu)
- Education, along with intellectual and skill development to ensure employability, is a key thrust area of the Company's CSR initiative

- *Since 2006, Greaves has been adopting students from 6th Standard on the basis of academic performance and taking responsibility of making them employable*
  - *Company provides books, uniforms, fees and scholarship till school education is completed*
  - *Company sponsors the performing students to an ITI Course at the Govt. ITI, Aurangabad*
  - *Post completion of ITI course the students are proposed to be engaged by the company under the Trade Apprenticeship Act*
  - *After completion of their Apprenticeship, GCL will provide on the job training for six months to make them employable*
- *Greaves is also running a program to educate and train girls*
  - *Since 2008, 15 girl students of an Ashram school are chosen and provided support for education*





**GREAVES COTTON LIMITED**

# Thank You

Customers,

Vendors, Channel Partners,

Business Associates and all our

Employees for helping us cross the

milestone of rolling out the

# 3 millionth light diesel engine

on February 17, 2012.



**GREAVES**  
SINCE 1859

*Happy* ENGINEERING