GREAVES

15th May, 2024

The Manager - Listing
BSE Limited
BSE Code: 501455

The Manager – Listing
National Stock Exchange of India Limited
NSE Code: GREAVESCOT

Dear Sir/Madam,

Sub: Transcript of the quarterly earnings call for the quarter and year ended 31st March, 2024

In furtherance to our letter dated 03rd May, 2024, please find enclosed herewith the Transcript of the quarterly earnings call for the quarter and year ended 31st March, 2024. The transcript is also available on the Company's website at www.greavescotton.com

Kindly take the same on record.

Thanking You,

Yours faithfully,
For Greaves Cotton Limited

ATINDRA NATH BASU
Digitally signed by ATINDRA NATH BASU
Date: 2024.05.15 17:17:48 +05'30'

Atindra Basu
Group General Counsel & Company Secretary

Encl.: a/a

Greaves Cotton Limited

Q4 FY24 Earnings Conference Call

May 09, 2024

Management Representatives:

Nagesh Basavanhalli – Non - Executive Vice Chairman, GCL

Akhila Balachandar – CFO, GCL

Dr. Arup Basu – Managing Director, GCL

K Vijaya Kumar – ED & CEO, Greaves Electric Mobility

Narasimha Jayakumar – CEO, Greaves Retail

Chandrasekar Thyagarajan – CFO, GEMPL

Varghese Thomas – Chief Communications Officer – GCL

Atindra Basu – Group General Counsel & Company Secretary

Moderator: Ladies and gentlemen, Good morning and welcome to Greaves Cotton Limited Q4 and FY24 Earnings Conference Call.

From the Management we have with us Mr. Nagesh Basavanhalli – Non-Executive Vice Chairman, GCL; Ms. Akhila Balachandar – CFO, GCL; Dr. Arup Basu – Managing Director, GCL; Mr. K. Vijaya Kumar – ED and CEO, GEMPL; Mr. Narasimha Jayakumar – CEO, Greaves Retail; Mr. Chandrasekar Thyagarajan – CFO, GEMPL; Mr. Varghese Thomas – Chief Communications Officer, GCL; Mr Atindra Basu – Group General Counsel and Company Secretary.

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 the operator by pressing "*" then "0"on your phone.

I now hand the conference over to Mr. Nagesh Basavanhalli, Non-Executive Vice Chairman of Greaves Cotton Limited. Thank you and over to you, sir.

Nagesh Basavanhalli: Good morning, everybody. Nagesh Basavanhalli here. Very glad to be here. Welcome to the Greaves Cotton Q4 Analysts call and hope you are having a great day today.

Our transformation journey from diesel engines to a multifaceted organization, embracing a fuel agnostic approach and getting closer to the customer, the journey we started a few years ago, is beginning to bear fruit. The company's performance over the last quarter underscores the resilience of our diversification strategy. Collaborating with Excel Controlinkage, our newest entity that we acquired, has unlocked new capabilities and growth for Greaves Engineering, both in India and abroad.

Our evolution from a B2B Diesel Engine only company to a B2B plus B2C has been fueled by the robustness of the strategy. This has been pivotal in installing confidence as we go forward. I want to take this opportunity to ask the CFO to come in, and then the CEOs to come in and talk about their business in more detail. Over to your, Ms. Akhila Balachandar, she will discuss the financial performance. Thank you.

Akhila Balachandar: Thank you, Nagesh. And good morning, everyone. Like Nagesh mentioned, we have had a very good financial performance this year and we are happy to report our full year financials today.

On a standalone basis, revenue for Greaves Cotton stood at Rs.1,779 crores, a growth of 15% year-on-year. Our newest acquisition, Excel, revenue stands at Rs.263 crores on a full-year basis, a growth of 41% year-on-year with robust margins of 31%. Our engineering and retail businesses both registered double-digit growth of 17% and 10%, respectively. And like I mentioned, Excel's acquisition has proven value accretive with a first-year growth of 41% year-on-year. Almost one-third of Excel's revenues are from the export market, and this has really helped us to grow efficiently.

Greaves Electric Mobility's revenue stands at Rs. 612 crores with a strong focus on new product launches and a path to profitability.

Coming to margins, standalone EBITDA for FY24 stood at Rs. 232 crores vis-a-vis Rs. 151 crores last year in the same period, a growth of 53% year-on-year. This has also been helped by extremely good margins at 13%, an improvement of 325 basis points compared to last year's 9.77%. And if I were to look at GCL plus Excel, as a combined entity, the EBITDA is Rs. 309 crores with the margins at healthy 15.2%. As I mentioned earlier in both our earlier earnings presentations, this has put us back on track to a historical trend of 13% to 15% EBITDA margins. Here I would also like to emphasize that we continue our EBITDA improvement journey.

On a standalone basis, our profits were decadal high, our PBT was a decadal high of Rs.366 crores. Along with the margin improvement journey, we have also focused on working capital management, and this has ensured that our ROCE stands at a healthy 50% plus. In terms of balance sheet strength, the company continues to have an almost zero-debt and standalone cash of Rs.500+ crores, which will be used for further expansion and investments as we go forward. Given the healthy performance of the company, the Board has proposed a final dividend of 100%. Looking forward, we remain steadfast in our commitment to our growth and transformation journey. We are confident that our strong foundation and unwavering commitment to excellence will sustain our success in the forthcoming quarters and the exciting opportunities the future holds.

One area where we saw a lot of pressure in the early parts of the last year was the overall commodity cycle. I'm happy to note that the commodity cycle has been soft in this current financial year and had a very positive impact and will continue to do so going forward. We are also continuously monitoring and evaluating the current geopolitical situation and its sort of impact. However, we continue our internal endeavors in our profit improvement journey.

With this, I invite Dr. Arup Basu to share his remarks on the engineering business. Over to you, Arup.

Arup Basu: Thank you, Akhila. Good morning, ladies, and gentlemen. My commentary is on the performance of the engineering business, that is Greaves Engines and Excel Controlinkage.

In FY24, the revenue of Greaves Engines grew 17%, as Akhila said. We continue to make good progress on our ongoing program to build a future-ready energy flexible portfolio to gradually wean us from a dependence on demand for diesel engines. As I mentioned during previous analyst calls on 8th November 2023, and again on 8th February 2024, the ICE engine and genset portfolio is being augmented with greener fuel agnostic variants that can use CNG and biodiesel and ethanol blended fuels.

In addition, we have commenced sales of engine components. These products utilize our current manufacturing assets and are helping us maximize value from our manufacturing infrastructure and equipment. Additionally, as these products rely on our existing domain expertise and precision manufacturing, the business can grow relatively rapidly.

Simultaneously, we are increasing the share of exports in our total revenue. In FY24, exports accounted for about 12.5% of total revenue. Our exports are relatively evenly distributed across the USA, European Union, and the rest of the world. This diversification is intentional as a form of geographic risk mitigation.

The integration with Excel Controlinkage has moved to the next stage with the initiation of cross selling products and services. We are continuing to augment our prevailing domain depth in mechanical engineering with mechatronics and electronics. The latter will also help support the growth of electronic sensors.

Overall, the prevailing tailwinds in the Indian economy and the manufacturing ecosystem in general, our geographically diverse customer base, our complementary platform technologies, and application areas, combined with our brand Greaves, makes us optimistic about the future. Thank you.

I now hand it over to my colleague Narasimha Jayakumar. Over to you, Narasimha.

Narasimha Jayakumar: Good morning, ladies, and gentlemen. This is Narasimha Jayakumar, I'm the CEO of Greaves Retail. Very pleased to be here to present to you the business commentary for Q4 and for the full financial year.

Greaves Retail had strong revenue growth in Q4 FY24 with a 27% year-on-year increase. Full year revenue increased by 10% Y-on-Y. Revenue was Rs. 162 crores for Q4 and for the full year was Rs.588 crores, which is a growth of 10%. Highlight was also the overall almost 120 bps of margin improvement overall compared to last year.

Just on the business itself, as you probably know, Greaves Retail continues to be amongst the top three aftermarket companies in India catering to the small commercial vehicle segment which spans three-wheelers, electric three-wheelers, and small commercial vehicles. During the course of the year, we have expanded our business operations significantly in spares distribution going across various vehicle segments. The network now spans both domestic and international markets. We have also, in Q4, done a major part line expansion to include electric vehicle parts like motors, controllers, batteries and so on, which targets the growing e-rickshaw market in the country, and in general on the electrification side.

We have our digital initiatives which I touched on in the previous analyst call that are now really bearing fruit and is proving to be a moat for the business. We have scaled up our Greaves Upahar mechanic loyalty program quite significantly. We now have almost touch 20,000 mechanics and we have over 5,000 active scanning mechanics on a daily basis. This has led to good secondary sales and good retention of customers for us.

Our Greaves Care outlets, which are essentially franchise-owned franchise-operated, have now touched almost 138 billing outlets in the country, which are a good sort of independent standalone spares consumption channels for us. And they also do multi-brand service outlets catering to both electric three-wheelers and three-wheelers.

We have also, on the institutional customer side, acquired additional customers in the railway business for our gensets, spares and services, which has expanded our presence into new railway zones. Last but not least, our part lines now also include construction equipment parts catering to the growing construction equipment industry in India. This is on the beachhead of Excel's product portfolio for us.

So, overall, it has been a very good quarter and a year. We are very optimistic about the future. Thank you.

I would now like to hand it over to my colleague Mr. K. Vijaya Kumar, CEO of Greaves Electric Mobility Private Limited.

K. Vijaya Kumar: Very good morning, ladies, and gentlemen. Very happy to be here taking you through the performance of Greaves Electric Mobility for Q4.

So, in Q4, our total two-wheeler sales were 8,448 units. Our three-wheeler sales were 2,579. In total for Q4 we did 11,527 to be precise. And we closed the year at 61,000 total units of two-wheeler and three-wheeler together.

As an organization, as you are all aware, we are waiting for our subsidy approvals for which we have completed all our part of commitments to the Government of India, and we are waiting for the final approvals in terms of getting back onto the portal.

The most important and significant information from our side is on the new product development. We are happy to share that we launched our most awaited technology marvel, we call it the next big thing, a product named Nexus into the market, to the press fraternity as well as to our complete dealership network this month. And it has been received very, very well in terms of overall response.

I would like to spend a few minutes explaining that. It comes with very innovative groundbreaking features, innovations which have been built into it that it has the first time a very multi patented hybrid swing arm which has a field suspension. Basically, it's a two-stage hybrid architecture which isolates the wheel shocks from the best of the NVH performance which we see in today's two-wheeler market. Very effective belt protection system which gives it 5x durability.

So, if you see from a two-wheeler perspective in terms of right comfort, in terms of durability, and it has been designed and developed in India by a very, I will say, different theme which we based it on the Arctic Tern. It's a bird which has motivated us to design that product. So, it has smart fit body panels, which is the first time again in India where there are no visible hard mountings, modular body panels for easy serviceability.

We are launching this for the first time around with the safest LSV battery there. As you are aware, it has a much better excellent energy chemistry, 30% better cycle life which gives it, from a TCO perspective, in terms of better durability and life. Unique thermal flow cooling architecture is what we have innovated currently where the wind flow as the vehicle travels. And from the front to the rear vents, it's so aesthetically designed, but at the same time it reduces the heat on the battery side.

So, I will not get into very large details of the product. But it's been an innovation which has been acknowledged by the media, acknowledged by our partners, and we are our own wave where it is expected to be successful is what our expectation is. On the dealer partner and the supplier side, they are really motivated. We are seeing an uptick in terms of their response to the product as well as to the overall outlook towards this financial year.

Coming to the three-wheeler business, last quarter we released our electric three-wheeler, called ELTRA, and it is now gaining traction in terms of visibility. We are going in stage phases launching the product. We started off from South India and now we are entering Uttar Pradesh in a very big way. And we see a lot of green shoots on the electric three-wheeler also.

So, that's an overview of overall from Greaves Electric Mobility side. And thank you for being on the call. Over to Varghese, please.

Nagesh Basavanhalli: Let's open it up for questions. I now hand it back to the moderator.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Aashin from Equirus Securities. Please go ahead.

Aashin Mod: Sir my first question is regarding margins in the engines business and in the aftermarket business. So, despite decent growth on a sequential basis, margins in both the businesses have reduced significantly. So, could you please help us understand what were the reasons behind that?

Nagesh Basavanhalli: Akhila?

Akhila Balachandar: So, essentially, if you realize, we have been going through a margin improvement journey. And over the last eight quarters, both our margins in both the engines business as well as the retail business have constantly been improving. There are cyclical impacts, there would be some seasonality to it, but the North Star goal and target has been to move back to the 13% plus range. And on a yearly basis, if you see, we have come back to what we were in pre-COVID. I would not put too much significance into Q4, because I said there will be a business mix, there will be product mix issues coming and playing in. But overall if I were to take on a yearly basis and also on eight quarter basis, we would have been able to do a robust improvement journey.

Aashin Mod: My second question is only e-mobility business. So, with this FAME 2 subsidy almost ending, could you help us understand are we qualified for the PLI scheme?

K. Vijaya Kumar: So, as I mentioned in my speech, we have completed all formalities from our side, and we are awaiting approvals from the Government of India.

Arup Basu: And additionally, your question on PLI, we are not part of the PLI scheme. Back on the FAME and EMPS, as you know, the FAME gave way to the EMPS scheme up to 31st July. And we are awaiting information on what happens beyond that date. Back on the PLI for just a moment, the supplier auto component PLI, we believe that working with our suppliers we should be able to get the price advantage coming from the PLI scheme that will, through market forces, be passed on to our parts suppliers.

Moderator: The next question is from the line of Niraj Kamtekar from ProsperoTree. Please go ahead.

Niraj Kamtekar: Sir, my question is related to standalone business. See, we used to sell 2,90,000 engine units in FY 20 and now the company is producing fuel agnostic machines. But our total sales are 88,846 units for FY24. Can we reach the FY20 levels? And how we will reach that level?

Arup Basu: This is Arup Basu, maybe I can try and respond to that. So, what you have indicated is the auto engine sales for diesel engines. As I mentioned, we are now building a portfolio which will have diesel as well as CNG, as well as going forward electric, that's part of the plan. And when we look at engine sales, auto is one angle. The other applications are in the non-automotive applications, for example, pumps, etc. There also we have had just under 50,000 engines sales. So, our total engine sales are 136,000. There is a pattern shift in three-wheelers where earlier there were essentially diesel-based three-wheelers and now it's diesel plus CNG plus electric. So, the whole pie is changing. The three-wheeler industry is growing significantly, so we will be playing in the growing market for three-wheelers. Thank you.

Niraj Kamtekar: Yes. But I think FY20, the number of units sold was 290,000 and we are half the mark, 1,36,000, in FY24. Can we even reach the 2,00,000 mark?

Arup Basu: See, there are two things that happened from that time. There was COVID which pretty much had a significantly adverse impact on last mile mobility because of the lockdowns, etc. And combined with that, there was a lot of pushbacks against diesel-based three-wheeler applications, in many parts of India there were diesel bans and so on. So, what will happen is the three-wheeler industry is growing again, it will grow. And our portfolio and our participation in the three-wheeler industry will grow. The fuel mix will be determined by many other parameters, not by us. And that's the reason why we have put our efforts to create a portfolio that is energy agnostic. So, whether it's CNG, whether it's diesel or whether it's electric, we will be playing in the entire range.

Niraj Kamtekar: And, sir, my last question, recently we launched the Nexus in the EV, but is it without the eligibility of the subsidy or with the subsidy we have launched?

K. Vijaya Kumar: So, presently what we have launched, Nexus is without the subsidy built into it. So, we are focusing more on innovation, and we are focusing more on building efficiency in our supply chain and our cost of goods purchased and things like that. So, to answer your question, it's basically without subsidy.

Niraj Kamtekar: But if the subsidy is allowed, then the difference will be around Rs. 10,000, as per the new guidelines?

K. Vijaya Kumar: Yes, the difference will be around Rs. 10,000.

Niraj Kamtekar: And if permit me the last question that the other expense at the standalone level has increased from Rs. 44 crores on a quarter-on-quarter basis to Rs. 57 crores. Is there any specific reason for such, I think, the other expense?

Akhila Balachandar: So, let me take that. Essentially, other expenses include a lot of variable and manufacturing overheads. So, if you see, the growth from Q3 to Q4, that has also been significant. And most of the increase is on account of the directly variable expenses.

Niraj Kamtekar: But ma'am, the revenue has grown by 10% and expenses by more than 20%.

Akhila Balachandar: That is correct. As I said, there will be various components of the variable expenses, and this has grown in proportion to the overall growth in the business.

Moderator: Thank you. The next question is from the line of Chandrachoodamani from PrimeInvestor. Please go ahead.

Chandrachoodamani: So, my question is on EV business. So, after the unfortunate set of events in the last two years, you burned a lot of cash. And if I understand correctly, you are left with the Rs. 200 crores to Rs. 250 crores in the EV division, cash. Sir, three related questions. So, how is your PE investor viewing this situation, that is, this kind of cash burn and all? Second, how you are able to manage your dealership ecosystem with such a slump in sales volumes? And third is, on a three-year basis, would you require additional cash for this business or additional fundraising? Or you will be able to manage with whatever is left? These are my three questions.

Chandrasekar Thyagarajan: Yeah, I will take question number one and three, and I will request Vijaya to answer question number two. This is Chandrasekar here. On the view of our strategic investor, they are part of our Board, they are part of the decision-making process at the leadership level. And they are fully supportive of the trajectory that we are taking as a business, right.

On your third question regarding funding, yeah, you may have already seen the general announcement that went yesterday. The Board of the company has been discussing and deliberating the various options for raising funds in green electric mobility. And we will come up with more information as and when it is available.

K. Vijaya Kumar: This is Vijaya Kumar. I will address your second question. So, from the distribution standpoint, we have more than 400 partners in the country. And post launch and repricing of our present models, which we have done, which is the Magnus and the REO, there is a very good positive uptake. And you will be able to see that momentum building in the quarters to come.

Moderator: Thank you. The next question is from the line of Bhavesh Patel from Patel Investments. Please go ahead.

Bhavesh Patel: Good set of improvement overall. My question is regarding the fundraising plan that you touched upon. It is in both Greaves Electric Mobility as well as Greaves Finance, and one of the options is IPO as well. So, if you can give some more color to that in terms of what is the overall thinking.

And the second question is, is there any likelihood that we might get back the subsidy that we pay to the government in good faith, knowing that one of the competitors probably got the money? And I could be wrong on that but would like to know your views on those. Thank you.

Nagesh Basavanhalli: I think we have lost the Electric Mobility team. But just to come in, the Board has announced that they will look at all options, and I think the release that was sent out and the CFO touched upon it, right. So, as and when we have more information on what those funding options are and the timing, I think we will share more.

Regarding the second thing, I think the CEO touched upon the point that we have done everything from our side. We are waiting for confirmation from the department on the subsidy next steps. So, we are waiting, we have done everything in our control, and we are waiting for the response.

Bhavesh Patel: In fact, on that, you are saying next step is one, but is there a likelihood of us getting back the money that we provisioned in the last quarter?

Nagesh Basavanhalli: So, that's what I'm saying, let's wait for the department to get back, right.

Bhavesh Patel: Thank you and best wishes. And I hope for a better performance going ahead. Thank you.

Moderator: Thank you. The next question is from the line of Deepanshu Agarwal from Quants Analyst LLP. Please go ahead.

Deepanshu Agarwal: So, I'm saying, from the last few years, the share price movement has been a little more stagnant even with Greaves Electric Mobility coming in and there's a lot of news of competitors going into IPO, yet our share price performance has almost been stagnating. So, just wanted to get your view. And is there any plan of having any investor relationship activity being done to probably make improvement in the share price?

Akhila Balachandar: Sure. We have, over the last couple of years, as you know, undertaken a transformation journey at the Greaves overall group. We are moving away from a single product diesel engine company to investments in fuel-agnostic, mixed fuels, multi-fuels technologies. This is a journey that will be of continuous nature and over the next few years.

One of our major investments has been in Greaves Electric Mobility, which had done extremely well in the last financial year, as you are aware. This year with the issues coming from NHAI, we have faced a lot of turbulent times, as you are also aware. On our part, we have paid up the demands of the government and are awaiting next steps from their side. We believe that on the other side, Greaves Cotton, the parent company, has also done its own share of good work and our standalone results reflect the journey that we have undertaken at our end.

We believe that this is an ongoing journey. The company is well funded and the Board also, as shared by both Nagesh and Vijaya, has deliberated options of capitalizing the company as per its requirement. So, there are a lot of things happening and the Board is extremely cognizant of all these matters on hand.

At the share price level and investor relation what I would like to share is, we keep on engaging with the investor community. We have been giving regular updates of the developments at both the organizations and we have been continuously engaged. The share price is a reflection, and we believe that our continuous financial performance improved, with the growth story and the margin improvement journey, will surely over the next few quarters reflect also in the share price. Thank you.

Moderator: Thank you. The next question is from the line of Kenil Mehta from Omkara Capital. Please go ahead.

Kenil Mehta: Sir, I wanted to know can you please provide a road map or guidelines on the EV business and what will be your focus area? As we have seen the volumes of two-wheelers have decreased, but the volumes of three-wheelers have increased, and overall, the three-wheeler market for EV is also increasing, it has touched of 4 lakh vehicles per annum over last year. So, should we expect the volume setback in the two-wheelers to be set off by the three-wheeler in coming years? Or the two-wheeler volume will also go back to earlier levels of 2 lakhs per annum?

K. Vijaya Kumar: We are one of the leading players who are operating across the last mile mobility solution, which is the two-wheeler, which is the L5, and which is the L3. I will answer or take up each of your questions for each segment first.

If you take two-wheelers, two-wheelers as a brand, Ampere has been in the market for 15-plus years. And we are predominantly known and loved as a brand in the middle segment, which is the family-oriented segment, and which is where the bulk of the industry is sitting. So, we have launched Nexus, which we call it India's first family scooter, a high-performance family scooter. And it has been seeing a lot of traction. You must see the product to believe it in terms of the build quality, in terms of the fit and finish, in terms of the technology which I mentioned when I started the call. It is overall comprehensively a very well-built vehicle which will be able to compete in the middle segment, I would say, the high-speed segment of the Indian electric two-wheeler market.

As you rightly mentioned, we see in the next three years the two-wheeler industry growing and the segment share of electric two-wheelers growing in that proportion. And we are working towards new products with our three leading brands, which we call it, four rather, NXG, which is the Nexus, Magnus, which we are taking on certain new product developments in our next discussion, we will be able to focus. And then Primus and REO. So, we are I think very well poised from a product, technology, brand, and a distribution standpoint to gather and increase our market share.

Coming to the L5 three-wheeler segment, you are right, the market has grown in the last two years. And with ELTRA, the electric three-wheeler which we have launched, our product has a key USP, which we have demonstrated, that it delivers the maximum range, I mean, on a single charge in that given category. We are seeing a very good response. It's the very initial phase where we are just opening up production and building out distribution across the country. But we believe that we will be able to increase our market share. We are already in the top five when you look at the Vaahan data for L5. But I think there is headroom available as we have not started distributing, selling and building volumes across the country.

On the L3, which is our Ele brand, we are working on building our new products. We already have a 150-plus distribution across the country. We have a strong play in the northern and the eastern states of the country. And that industry has also grown in the last year or the last 18 months I would say. And we foresee a good play there. So, it's a comprehensive product mix in the last mile mobility solution where I think Greaves Electric Mobility is very distinctly positioned as compared to the market and the other operating players in the segment. Thank you so much.

Kenil Mehta: Can you give a road map or guidance on your Greaves Retail business which has doubled over the last three to four years from your FY21 days, from Rs.250 crores revenue to Rs.550 crores.

So, what should we expect in the coming years? Should it be the growth driver further? Or the revenue growth will slow down going forward?

Narasimha Jayakumar: Yeah, I won't be able to talk about the future obviously. But I think as you must have seen from my previous analyst calls and in the call that I did before, we are moving the portfolio to newer growth areas very consciously. So, from a portfolio that was primarily doing the three-wheeler, diesel aftermarket segment, we have moved into newer areas. We are now fuel agnostic, so we do CNG parts, we do petrol. Increasingly the company is moving towards newer growth areas such as EV components and parts for the aftermarket. It's a very, very growing area.

We are also looking at, we have also launched parts on the construction equipment line catering to specific applications around mining, road building, commercial building, construction. All this means that we have a very comprehensive suite of products for the aftermarket. And we have also strengthened our distribution, as I mentioned, both in India as well as overseas. So, we have all sorts of growth underpinnings for the future.

Kenil Mehta: Also, sir, in the Greaves Engine business, if you compare your FY19 to FY20 base, we have non-auto segment at 70,000 to 80,000 volumes, then it thereby decreased to 30,000 volumes, and now it started increasing. Should we expect the same level of volume in the coming year, non-automotive?

Arup Basu: This is Arup Basu; I will try and respond to your question. The non-auto, while we call it a segment, is actually a very large portfolio of applications. It includes various small engine applications in boats, it includes applications for fire pumps, it includes gensets, and a whole host of other prime mover applications where there is an engine or some engine driving the mobility or the movement. Now what we have been doing over the last few years is looking at that portfolio in terms of the mix of applications and products that we have. So, the right way to look at it would be to see whether our applications are growing, whether our mix is growing, and whether our performance in terms of the profitability of the areas that we play in. So, the demand in all this together is going to grow, that's for sure given what's happening in the Indian economy. And so, we ought to be chasing that growth and we are a serious participant in that growth. I hope that helps.

Moderator: Thank you. The next question is from the line of Rahil Shah from Crown Capital. Please go ahead.

Rahil Shah: So, with all the transformation journey that you have taken along with the investment in growth areas across all the businesses. So, on a consolidated level FY25, can we expect it to be profitable? So, like directionally what should one expect overall for the company?

Akhila Balachandar: Hi, Rahil. Can you please repeat your question? Because it's not clear. I mean, what exactly is the question that you are asking?

Nagesh Basavanhalli: Actually, let me jump in. I think the question is, consol profitability in the next year. As you know Rahil, we do not get into forward guidance, but the CFO can add to that, if you want to give any additional input.

Akhila Balachandar: Sure. Thanks, Nagesh, for that. So, Rahil, if you were to look at it, even FY24 we have given, at a consolidated level, the EBITDA and the operating PBT are positive. We have had a challenging year with Greaves Electric Mobility, which as I mentioned earlier, we have been very transparent both with the investing community and the government and shared our representations. And therefore, we continue to be committed to that line. As explained by Vijaya, we have a very strong product portfolio road map, and we believe strongly in the prospects of the company. I hope that answers your question.

Moderator: Thank you. The next question is from the line of Bhavesh Patel from Patel Investment. Please go ahead.

Bhavesh Patel: Thank you for the opportunity. It was in the similar line in terms of outcome of the transformation, so I get that answer. And do want to compliment the Board in terms of increasing the dividend. And hopefully, not a forward-looking but just a confidence from you that with the increased performance, shareholder benefits will continue to accrue to us.

Arup Basu: Thank you for your comments, yeah.

Moderator: Thank you. That was the last question. I now hand the conference over to Mr. Nagesh Basavanhalli for closing comments. Please go ahead.

Nagesh Basavanhalli: Thank you, all. I think let me do a quick summary. Starting with the Greaves Engines part, I think what we discussed today was, from a diesel engine company which was catering to 400,000 to 500,000 type of a market, now we are in diesel plus CNG plus electric, on the auto side. Then we started talking about the non-auto side and the non-auto engines. And if you look at the volumes, there has been a volume growth year-on-year, 26% on the auto side, 13% on the non-auto side. Point number one.

Point number two. In addition to that, export business has started to increase, that was covered in Dr. Basu's part. Point number three, component business where our focus on manufacturing, supply chain, and profitable delivery of that has started to happen in casting, precision machining, coatings, etc. Bottom line is, I think traditionally we have looked at the number of engines, but not auto engines or diesel engines. You should be looking at us as the diesel engines, fuel agnostic engines, non-auto engines, components. That is how our factory utilization is happening and that's where one of the revenue streams is coming.

Point number three, Excel. Excel was an acquisition which has grown year-over-year and that number I think was shared. It's also coming at a 30%+ PBT. It's got global customers, 40% of its business is exports. It also expands our horizon from last mile mobility to now dealing with construction majors like JCB and heavy truck and heavy bus majors like Daimler, Caterpillar, JCB, Scania, etc. So, the expansion of the marketplace has happened, and the product of the component engineering play has happened, leveraging our engineering capability.

Now let me get into GR. Greaves Retail, Narasimha has talked about spares plus service plus retail. And how in the spares side, in addition to the auto side, they have gone into fuel agnostic play, and they are also getting to certain other adjacencies, construction, he touched upon it. Leveraging's are tens of thousands of mechanics and retailers in India, they have built a digital infrastructure which connects how we are moving forward. The overall engineering and the retail structure has also transitioned from a skill level, from a mechanical-only diesel engine-only to mechatronics, electronics, and sensors. That's what Dr. Basu was stretching upon earlier.

Now coming to the last point, Greaves Electric Mobility, the CEO talked about two-wheeler and three-wheeler, they are also into B2B and B2C. And they talked about how the market is looking at some of the newer products. All in all, I believe that what the CFO said, at Rs.366 crores it was one of the highest PBT that the company has registered for the last year. And we will continue to keep the team and the management will continue to keep working on all this expanding and multi-pronged and multifaceted revenue stream. Thank you all for your attention and your time today. Have a great day. Thank you so much.

Moderator: Thank you. On behalf of Greaves Cotton Limited, we thank you once again. Stay safe. With this, we conclude this investor call. Thank you for joining us, you may now disconnect your line.

For further information, please contact

Anvita Raghuram / Chetna Patil
Churchgate Partners

+91 22 6169 5988
greavescotton@churchgatepartners.com

Note: This transcript has been edited to improve readability.