18th November, 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 half year ended 30th September, 2024

In furtherance to our letter dated 07th November, 2024, please find enclosed herewith the Transcript of the quarterly earnings call for the quarter and half year ended 30th September, 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
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Atindra Basu
Group General Counsel & Company Secretary
Membership No: A32389

Encl.: a/a

Greaves Cotton Limited

Q2 & H1 FY25 Earnings Conference Call

November 12, 2024

Management Representatives:
Nagesh Basavanhalli – Non-Executive Vice Chairman, Greaves Cotton Limited (GCL)
Akhila Balachandar – CFO, Greaves Cotton Limited (GCL)
Arup Basu – Managing Director, Greaves Cotton Limited (GCL)
K. Vijaya Kumar – ED and CEO, Greaves Electric Mobility Pvt. Ltd. (GEMPL)
Narasimha Jayakumar – CEO, Greaves Retail
Chandrasekar Thyagarajan – CFO, Greaves Electric Mobility Pvt. Ltd. (GEMPL)
Atindra Basu – Group General Counsel & Company Secretary, Greaves Cotton Limited (GCL)

Moderator: Ladies and gentlemen, good day and welcome to Cotton's Q2 & H1 FY25 Earnings Conference Call.

We have with us today 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, and Mr. Atindra Basu – Group General Counsel and Company Secretary of the Company.

We would like to begin the call with brief opening remarks from the management, following which we will have the forum open for an interactive question and answer session.

Before we start, I would like to point out that some statements made in today's call may be forward-looking in nature and a disclaimer to this effect has been included in the results presentation shared with you earlier.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nagesh Basavanhalli. Thank you, and over to you, sir.

N Basavanhalli: Good morning, everyone. Thank you for joining the call today.

Just from an overview, Greaves Cotton's journey over the last 5 plus years continues as we accelerate from a traditional engine company to a fuel-agnostic mobility solutions provider, driven by a strong purpose of empowering lives across India. Our primary strategy of getting closer to the consumer extracting life cycle value while going about in a fuel-agnostic and sustainable manner is beginning to take shape. Multiple revenue streams have been created. Our B2C part of the business continues to grow and in fact it is a significant portion of the quarterly revenue. Also, by integrating technology across the value chain, we're building an agile ecosystem that maximizes the synergies across the various businesses while adding value to the end consumer.

So, without any delay, let me hand over the discussion to the management to take you through the quarterly financials and the quarterly progress.

First up will be Akhila Balachandar – CFO of the Company.

A Balachandar: Thank you, Nagesh, and good morning, everyone. I am pleased to report that the company delivered healthy financial results for the period under review, demonstrating the effectiveness of our strategic initiatives.

During the quarter, we recorded consolidated revenue of Rs. 705 crore while on a standalone basis our revenue reached Rs. 468 crore. Excel recorded revenue of Rs. 61 crore to reach Rs. 124 crore in H1 with double digit EBITDA margins.

Our Engineering and Retail businesses each maintain growth quarter-on-quarter basis with 4% and 7% increase, respectively for Q2, with 6% and 7% increase in H1, thus reflecting our strong market positioning.

Our Electric Mobility division also delivered impressive results, generating Rs. 175 crore in Q2 and Rs. 302 crore in H1. This growth was supported by a focused approach on new product launches and a defined path toward profitability.

When we look at the combined performance of GCL and Excel, the exceptional financial results reflect our strategic efforts to diversify the product portfolio over recent years.

Following Excel's acquisition and integration, the consolidated revenue from GCL and Excel reached Rs. 528 crore in Q2 and Rs. 1,036 crore for H1, giving us a firm foundation to provide a solid platform for future growth and innovation.

Profitability metrics showed significant progress. On a standalone basis, EBITDA for the quarter was Rs. 59 crore, up by Rs. 9 crore from last quarter and improved by 130 basis points. Combined GCL and Excel's Q2 EBITDA stood at Rs. 76 crore with margins at a robust 14.4%. Standalone PBT for the quarter amounted to Rs. 56 crore in Q2. In H1, our consolidated revenue reached Rs. 1,345 crore with EBITDA of Rs. 50 crore and PBT at Rs. 21 crore. Standalone revenue for Greaves Cotton was an impressive 7% growth amounting to Rs. 912 crore, while EBITDA amounted to Rs. 109 crore.

Our strategic emphasis on margin improvement has been reinforced by efficient working capital management, helping us to maintain a strong return on capital of approximately 16%-plus. We continue to sustain a nearly zero debt balance sheet with a standalone cash reserve of Rs. 350-plus crore positioning us well for future investments and expansions.

Looking forward, we remain committed to growth and transformation, leveraging our solid foundation and dedication to excellence to seize future opportunities. Despite external uncertainties, our internal focus on profitability and strategic execution continues to drive our success. We are confident that the strategy implemented over the past few years will yield sustained performance. Thank you.

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

Dr. Arup Basu: Thank you, Akhila, and good morning, ladies and gentlemen. I will talk about the Engineering Business, which comprises Greaves Engines and Excel.

I am pleased to report that Greaves Engineering continues to perform well. In H1 FY25, diesel three-wheelers experienced strong volume growth.

For Gensets, in the second quarter, we experienced a more subdued performance compared to the previous quarters. The CPCB IV+ norms became applicable in Q2 FY25, making diesel gensets more expensive and large-scale purchases had occurred in the quarters prior to that. However, the underlying demand remains robust. As part of our commitment to sustainability, innovation and conspicuous customer value, we have introduced an emission control kit which can be retrofitted to enable even older gensets to comply with the latest emission norms.

Excel with its customer-first approach and efficient operations continues to deliver industry-leading profitability with exports constituting a significant proportion of revenues. In H1 FY25, while Excel's share of wallet with OEMs remained intact, sectoral demand growth especially in Agri, was muted due to a slowdown in infrastructure project execution, reduced mining activity and lower fleet utilization due to heavy rains. With the anticipated increase in infrastructure spending, demand is expected to gradually recover in H2. The agriculture industry too is showing signs of improvement.

A diversified export product portfolio and geography is part of our strategic plan for sustainable profitable growth while mitigating related risks. Exports accounted for over 10% of Greaves Engineering revenue, with motion control solutions from Excel contributing to about 65% and engines the balance.

Looking ahead, we are well positioned for sustained growth. Our R&D continues to focus on ensuring compliance with the upcoming regulatory standards, which is an ongoing program, application engineering expanding the range of fuel-agnostic IC engines and gensets and building a new line of business in electric powertrain.

For the next commentary, I now hand it over to my colleague Narasimha Jayakumar to share his remarks on the Retail Business. Thank you and over to you, Narasimha.

N Jayakumar: Yes. Good morning, everyone.

A quick overview, Greaves Retail continues to be amongst the leading players in the three-wheeler ICE parts segment. We're also making significant strides in the electric three-wheeler or the E-Rickshaw Powertrain business, and we are capturing greater market share as we continue to expand our presence. In the E-Rickshaw segment, we're already the market leader for parts which are made in India and this business is growing strongly.

We launched several new products targeting the E-Rickshaw segment covering now a full range of motors, controllers, DC/DC converters and other vehicle parts like tyres. Greaves Retail now with a wide-ranging network of over 250 distributors, 10,000 plus retailers and 25,000 mechanics, has built a strong ecosystem which fosters close connections and seamless experience for our customers. Our mechanic loyalty program has now over 8,000 active scanning mechanics on a monthly basis. Our three-wheeler multi brand part now covers both CNG and two-wheeler parts also continue to grow well.

On the services side, Greaves Care franchising operations continues to be the leader in multi-brand servicing for three wheeler dealers and increasingly we are enabling the network to service electric three-wheelers and electric two-wheelers and we have at the end of September more than 210 franchise outlets all over India and today, 70% of the bookings are done via the Greaves Care App, providing unmatched digital convenience to our vehicle owners.

For the second half of the year, there'll be greater focus leveraging Excel manufacturing capabilities and development of new aftermarket part lines for the heavy commercial vehicle, the HCV and the construction equipment segment, both of which are booming given the massive infrastructure push and the construction activities all over India.

Across Greaves Retail, digitalization is playing a key role to drive greater supply chain efficiencies and to improve our overall customer experience.

Thank you and over to K Vijaya Kumar to share his remarks on Greaves Electric Mobility.

K Vijaya Kumar: Thank you, Narasimha. Good morning, ladies and gentlemen, and thank you for joining us today on our earnings call.

I will briefly talk about the performance of Greaves Electric Mobility or as we call it GEM internally, post which we can commence the Q&A session.

Greaves Electric Mobility reported a very healthy performance, reflecting our commitment to growth and innovation last quarter. We continue to be a key player in the e-two-wheeler and three-wheeler segments, focusing on affordable mobility solutions with the goal of making "Har Gully Electric". Our volume saw a remarkable growth in Q2 FY25, surging by 30% in the three-wheeler segment and by 29% in the e-two-wheeler segment, on a quarter-on-quarter basis. This result can be attributed to our new product introductions and other product enhancements, which have been well received in the market.

I am also happy to inform you that we have been developing our financial retail partnerships and we have signed up with multiple financing partners, including Shriram Finance, to enhance nationwide financing options for our L5 vehicles.

While we are encouraged by our sales growth, our key thrust is to efficiently ramp up our presence and reach to further drive visibility and our volumes across the country. Our robust support network includes over 400 sales and service points for e-two-wheelers and more than 250 for three-wheelers, allowing us to deliver exceptional customer service. We are also conducting various customer care camps and training programs for mechanics to certify them as 'Ampere Certified Technicians'.

Our strategic focus always has been on optimizing our cost and growing sustainably to enhance our pricing power. We are actively optimizing our Bill-of-Material (BOM) costs across our entire product range and are actively engaging with suppliers across the spectrum on this. This has resulted in a 7% to 12% decrease in our BOM costs across different models in H1 FY25. This is also testimony of our intent and ability to prudently manage our balance sheet while driving growth, built on the economies of scale and knowledge expertise of Greaves.

We are also thrilled to announce that Axar Patel, our favorite cricket World Cup T20 champion, has joined us as our brand advocate to promote greaves electric mobility.

Our electric 3-wheeler, Greaves 'Eltra City' is registered in India Book of Records for the longest ride on a single charge by an EV three-wheeler covering 225 kilometers.

Our management team is committed to regaining our Q4 FY23 performance through focus on innovation, dealer expansion and ramp up of our new aftersales initiative called "Ampere Care."

We continue to grow month-on-month, and our volumes grew nearly or more than 70% over Q2 in the festival month of October, which just concluded last month. This growth has been across two-wheeler and three-wheeler building on the new products and the new models which we have launched in H1.

As we move forward, we are continuing to work on enhancing our existing models, introducing new variants across our entire product range. Our key differentiators include best-in-class LFP batteries, affordable pricing and strategic financing options through Greaves' ev.fin. Together, these initiatives position GEM for sustained growth and success in the ever-evolving electric mobility space.

Thank you, ladies and gentlemen, that concludes my opening remarks, and I would now request the moderator to commence the Q&A session please.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Kunal Sharma from SP Capital.

Kunal Sharma: So, first question I wanted to ask on the reason that we have been highlighted, which is Rs. 15,000 crore revenue, so what synergies that you are working on the same and from where do you see the major contribution amounts on our five verticals, will it be from the Retail or Excel or EV?

A Balachandar: Thanks, Kunal. Let me take that. This is our board's vision at a strategic level and the direction that the board has set for the company. If you see the three businesses that we have focused on over the last few years in our transformation journey, we believe all the three are now at an inflection point and set to fire. So, we expect all three to grow and contribute to our overall vision. And the idea is, as part of the transformation strategy, to diversify from a single product, single company dependence to a fuel-agnostic, multi fuel, multi revenue stream, a diversified revenue stream company, which is therefore protected and resilient to any external market forces. Hope that answers the question.

Kunal Sharma: So, will you be able to give any percentage allocation, if you could just share the ballpark number where you have mentioned the three verticals, that is right, but will the higher chunk from retail or EV and the engineering?

A Balachandar: The focus is on diversifying from our original dependence on auto diesel engines. And how we diversify out of that is the strategic goal and transformation agenda and therefore there will be multiple contributors to this overall journey. And if you see what the board has set out for us, it is also a mix of inorganic and organic growth. So, I am sure that multiple levers will play into this.

Kunal Sharma: My second question is to Mr. Jayakumar. On the retail business, see, if we are growing at a mid-single digit rate and given that the category is so large, shouldn't we expect growth in the double-digit range? Do you see this category potentially growing two to three times over the next few years, or even five years, based on the vision you have in mind? If so, when do you anticipate seeing this level of growth?

N Jayakumar: So, thank you for the question. I think certainly the categories in which Greaves Retail operates, as you know, we span both from service, sales to parts across different commercial vehicle asset types ranging from three-wheelers to electric three-wheelers to small commercial vehicles to all the way to HCVs and the CE segment that I talked about. I think certainly there is a massive headroom for growth. I think the business is set for that kind of growth as well. I can't obviously speak for exact numbers, but the opportunity exists, and we are gearing up, we're making a number of improvements in our supply chain sourcing and there are a variety of areas to be able to set up the business for faster growth.

Kunal Sharma: But I just wanted to ask on that, when do you think we can expect to see this growth? Based on your experience, when do you anticipate we'll reach that point?

N Jayakumar: I think we should be seeing faster growth in the coming quarters is what I can say because as you are aware in the first half of the year, we also had the general elections and also very inclement weather, as one of my colleagues also commented. Certainly, we are looking at higher growth in the coming quarters.

Moderator: The next question is from the line of Zaki Nasser from Nasser Investments.

Zaki Nasser: I would like to congratulate the board on the great outline for 2030. My two questions are, sir, if you set out for Rs. 15,000 crore four years hence or five years hence, we should start seeing the growth immediately from this year onward, at least a small bit of growth. How do you plan this? And my second question is, this requires a pretty large capital. So, what is your thoughts on getting the capital for this?

A Balachandar: So, thank you for the question and I will take both your questions in order. The first one, as I said, this is the vision that the board has set out and yes, over the last few years we have been on this transformation agenda and we have put in place all the levers for the growth in terms of both revenue, cost management, working capital management and also on the capital efficiencies itself. So, I am sure all the levers are in place and with the guidance of the board we will be able to achieve the aspirations that we've set out for ourselves. The second question on the availability of capital, I would like to put two points here. One, we are highly efficient in our working capital management and that is something we are constantly working on. Two, as you can see, we have currently approximately Rs. 350 crore of cash available on the books, which will strengthen our focus to be able to invest in organic and inorganic growth, both internal capex as well as inorganic growth. Do we need more capital? As and when the need requires, the board is very cognizant and will take whatever required measures are to be done to ensure that the growth opportunities of the Company are not starved and we will not starve for capital and the requisite initiatives will be taken on that.

Moderator: The next question is from the line of Sonal Minhas from Prescient Capital Investment Advisors LLP.

Sonal Minhas: My question is with regard to Greaves Retail. I wanted to understand the reason for a dip in the EBITDA margin of Greaves Retail for this quarter when we compare to Q2 last financial year. If you could just give some subjective commentary around that, that will be helpful?

A Balachandar: Sure, Sonal. Thanks for the question. So, if you heard, Mr. Narasimha, our CEO for the business Greaves Retail is a business we are having a lot of opportunities for growth. It's a high margin business and what we have done over this year, we have done investments in technology, people, resources, some amount of brand building at the grassroots level. All these are investments which will help us grow the business over the next few years and that is the reason why there is a dip in the EBITDA margins, otherwise the business continues to be robust and at operating margins that also we focus on internally, we continue to ensure that the margins are in line with what we are building for.

Sonal Minhas: So, over time this would basically go up because there are additional investments in the business?

A Balachandar: That's correct.

Sonal Minhas: My second question is somewhat linked to the vision, ma'am basically and I am sure there are some guidelines on profitability, return on capital that the group and the leadership basically believe we should be aiming and targeting at. So, while 6x in six years looks good, interesting, what is the flip side of this in terms of the minimum guardrails required to reach EBITDA? What kinds of businesses would you want to be in, and which ones would you prefer to avoid in order to achieve this target with meaningful profitability for both you and the shareholders? If you could shed some light on this and provide a 360-degree view, it would be helpful.

A Balachandar: If you see the last 8 to 10 quarters' performance of the Company and I would like to stress on that. We have been extremely sharply focused on cost management, improving EBITDA and coming back to pre-COVID levels of 13%-plus EBITDA margins. This is a journey we embarked on, and I think we have now demonstrated that consistently over the last many numbers of quarters. Now this is a benchmark that we have and that is something we'll continue to work for. In terms of working capital, again, if you take the last seven, eight quarters trend or I would say even more than that 10 quarters trend, we have been again prudent and working on optimizing our working capital which again translates into a very high return on capital employed. These are all basic hygiene requirements that the board has mandated us, and this will therefore continue in our new initiatives. Definitely, some of the newer initiatives will require investment in resources. Technology, some amount of capex, but all these we have our internal guardrails well in place and everything will be ensured to, these are all accretive to the overall organizational vision.

Sonal Minhas: So, any broader guidance on when do you plan to reach close to 13% or let's say more than double digit EBITDA margins basically going further?

A Balachandar: So, if you see, even my Q2 results or if you take the trend, GCL plus Excel, our EBITDA margins are at 14.4%. Now, therefore, we are continuing to trend in a 13% to 15% range, which is what I would commit to, because there are, cyclicality involved, there will be quarters where we will invest more. But overall, I think what we're working towards is a 13% to 15% EBITDA margin range.

Sonal Minhas: And just a follow up on this. At the current EBITDA margins of minus 30% on mobility, if this is to be extrapolated, at what scale do you expect the business to breakeven? It's Rs. 175 crore of top line right now. Do we say let's say 3x size from now the business will breakeven, just asking about ballpark?

A Balachandar: See, Greaves Electric Mobility, it's a very different business. They operate on two segments, the electric two-wheeler and electric three-wheeler. Both of these have their own nuances. The mandate to the organization is to grow the revenues and there is a path to profitability. I would not be able to give a forward guidance exactly with dates and quarters in which we plan, but there is internal well-defined path to profitability. I hope that answers the question.

Moderator: The next question is from the line of Manoj Jethwa from Care Securities.

Manoj Jethwa: So, my first question is pertaining to Madam Akhila. What are those genuine endeavours the company should focus on, rather than incubating more businesses or increasing the top line, that would really help in improving the margins and reducing costs? I see the RMC cost stands at around 69%, which seems to be very high right now. So, what could be the focus endeavour of the company in improving the EBITDA margin and PAT margin vis-à-vis incubating the new businesses, at this juncture?

A Balachandar: Going back if you see our ten quarters journey, we have been consistently improving our EBITDA margins and post-COVID I think we were almost at a negative margin and from then quarter-on-quarter we have worked internally to ensure that the margin improvement journey continues. Around Q2-Q3 of last year onwards, we have been now consistently reaching the 13%-plus EBITDA margin that we used to do pre-COVID levels. This is an endeavor of the organization, and this is what we remain committed to an EBITDA margin in the range of 13% to 15%.

Coming to your question on RMC, if I were to look at the standalone, RMC, again, we have been able to manage and here I must also give credit to the soft commodity cycle currently going on, plus a lot of internal initiatives that we keep working on a very controlled and consistent improvement in our RMC percent; if I were to take H1 last year or RMC percentage was 68.5%, current year at H1 we are at 67.4%. So, that is again a continuous journey that we keep on working and hopefully all that translates into an improved EBITDA margin. I hope that answers your question, sir.

Manoj Jethwa: Yes. Madam. My second question is pertaining to the Greaves Finance, Greaves Retail and EV mobility business and new businesses. As you have onboarded Mr. Ramachandra to look after the EV business and mobility basis, so are there unlocking for the shareholders which could take place in a two or three years down the line where it could be listed as a separate entity in all the three segments?

A Balachandar: So, the new business head for EV and mobility business essentially is part of our overall retail strategy to grow the business. Any decisions on unlocking of value, capital raise, this is something that the board is cognizant of, and we will come back to you as and when the board gives a different decision.

Moderator: The next question is from the line of Bhavesh Mehta, an individual investor.

Bhavesh Mehta: Ma'am, can you highlight what are we doing on the non-automotive business side like we mentioned in the Q1 presentation that we are doing something on the marine, industrial and aerospace side, can you highlight a little bit on that, what are our aspirations there? And also, what are we exactly doing in the Greaves Technology business and where do we aim to take that?

Dr. Arup Basu: Maybe I can answer a little bit on the non-automotive question that you have. So, as you know, we make prime movers and it's a fuel-agnostic approach that we have. So, the prime movers go for automotive applications in three-wheelers, etc., and for non-automotive application. So, within that, while gensets is one product which uses engines, there are also other applications for marine in terms of boats, etc., that apply and increasingly seeing an emphasis on river infrastructure and states with rivers and coastal movements. So, that's one area where engines are used for prime moving. There's again a fuel-agnostic approach there and the demand for that is in a way linked to infrastructure growth and overall underlying economic growth. So, that's the work that's going on. We also are an engine provider for fire pumps, which is a very specific specialty application because of the nature of the application of the fire pump. That's another sector that we historically have catered to and that is also linked to the growth of infrastructure, because every high rise that gets created or an office building that gets created requires these measures as part of the basic infrastructure. And those are the ones whose growth is linked to the overall industry growth.

N Basavanhalli: I can just add to the gentleman's other question. So, just to add to the non-auto, keep in mind, in addition to Dr. Basu talking about a lot of the OE applications, there is a non-auto aftermarket application which Mr. Narasimha and the Greaves Retail team leverage, for example, in terms of several different customers, railways, telecom, etc., right, so there are a lot of non-auto spares and service applications that the Greaves Retail team addresses. So, it was part of our diversification strategy when you look at our engine volumes going from auto to non-auto, point #1. Point #2, very briefly, you also touched upon Greaves Technologies. That's a small incubated new business which really does engineering services to some global MNCs based primarily out of India but serving both local and international markets. What it of course gives us is access to high quality engineering talent which does engineering services outside, but also helps in-house companies like electric mobility or our e-powertrain areas assimilate some of that technology and assimilate some of that integration. So, it's a smaller startup right now.

Bhavesh Mehta: Where can we see Greaves Technologies in the next three years maybe?

N Basavanhalli: So, again, while we don't want to get into forward guidance, but the important thing is, from a competency curve, they started out with a mechanical, mechatronics, vehicle engineering type of services. So, they do work for four-wheeler global auto majors, right. And then they're doing vehicle level work from engineering services. They have now got into software and embedded systems. So, you can see some of the competency curve moving up the value chain, right, and you can also see them evolving more in terms of the electric mobility ecosystem, because they've been working closely with the Ampere team, right and both internal and external, they're not captive, they obviously cater to both global and Indian consumers.

Moderator: The next question is from the line of Kiran Dhanwada from Tabletree Capital.

Kiran Dhanwada: Sir, two long range questions. One, on the EV side, specifically 'Ampere', if I look at our market share back in 2021-22, it was about 12%. Now, based on the Vahan data and current run rates, it's about 3% for both two-wheeler and three-wheeler combined. We are losing market share while the overall market is growing exponentially. So, this leads to a two-part question: One, are we continuing to focus on Tamil Nadu, especially with another Tamil Nadu-based player emerging with excellent products in the two-wheeler space? I'm concerned that we may continue to lose market share. Could you please address how we are planning to regain market share? Second, are we considering an IPO or a demerger of the EV mobility business? Will such a move help us focus better and establish the right parameters for growth?

N Basavanhalli: So, I will ask Vijaya Kumar to come in and answer the first part. The second part, I think the CFO has addressed earlier on. The board has already said in terms of fund raise that they will be looking at a lot of options. That statement is out there. And as and when the board has an update to that, we will update you, on the second part of the question.

K Vijaya Kumar: Thank you for the question. See, from a market share standpoint, first is that we are registering very robust growth month-on-month, quarter-on-quarter primarily based on our new product. The Nexus, which we launched two quarters before is doing very well. Our reference sales from our customers based on our service and spare parts availability, and after-sales service is also doing very, very well. To address your specific question about Tamil Nadu and the South, our footprint is focused on growing not only in southern India but also in other regions. In fact, our market share in the Eastern region is at least double the number you've mentioned. We are actively building our market share and volume trends in the North and Western parts of India as well. So, we are a Pan India organization, and you will be able to see those results and responses as we go forward.

Kiran Dhanwada: Then from a company strategy perspective, it's very commendable, not just EV, but overall Greaves Cotton company, it's very commendable that we have such an ambitious goal, aiming for a 15% CAGR over six years. What I'm struggling with is reconciling this very ambitious target, which is fantastic, with the actual performance over the past 10 years. If I look at the data, in March 2014, we were at Rs. 1,700 crore in revenue, and by March 2024, we closed at Rs. 2,600 crore. So, in 10 years, we haven't even doubled our revenue. I'm trying to understand: Are acquisitions going to be a very large part of the delta to reach Rs. 10,000 crore, or are there specific business units you're extremely bullish on to achieve that 6x growth? I am just trying to figure out what suddenly exploded in our industry that we can aspire to grow 6x while we have not even doubled in the last 10 years.

N Basavanhalli: So, I think Akhila, the CFO answered that question right up front. I think she did mention that, at the end of the day, it will be a combination of both organic and inorganic means, opening multiple streams of revenue from a single cylinder, single industry diesel engine, which was catering to 300,000 vehicles a year, that was the sector Greaves Cotton was in. Today, you are playing in diesel plus CNG on the auto side, plus, electric, so fuel-agnostic, you're playing in auto plus non-auto on the engines, on the component side, you're playing in multiple geographies, from the Excel you've added construction of highway, marine segments with the predominant version of that being high profitable global exports. So, that's one vertical. The second vertical being in retail, and somebody asked this question in terms of capital allocation, we are asset light, high ROCE business, own franchisee operated stores, retail chains which offer spares, highly profitable spares. Again, there the diversification was going from a three-wheeler diesel engine spares to three-wheeler fuel-agnostic plus two-wheeler plus now with Excel into other markets, plus moving towards the digital ecosystem. That's the second. The third is of course the electric mobility which has a road map of its own two-wheeler and three-wheeler. So, I think when you just look at it organically, there are multiple forms of revenue, the multiple applications, the multiple geographies plus inorganic options are what the board is talking about.

Moderator: The next question is from the line of Saket Kapoor from Kapoor & Co.

Saket Kapoor: If you could just explain the line item for other expenses for this quarter, any one-off item that has gone into it?

A Balachandar: Sure. Essentially, all other expenses apart from RMC, this includes even employee cost, this includes consulting cost, travelling, all the rudimentary costs, everything. I understand that your question is essentially it has gone up. As I said earlier, we are also focused on growing new businesses. So, we have made investment in resources, in technology and product development and business development. Now some of these therefore will go into the line, 'other businesses' and therefore there is an increase compared to past years.

Saket Kapoor: Because ma'am for employee benefit expenses, that itself has gone up by Rs. 10 crore quarter-on-quarter and Rs. 12 crore on year-on-year.

A Balachandar: As I said, we have been investing in resources, we've been investing in technology, we've been investing in business development, brand building to some extent and all this is imperative to enable the future growth of the organization.

Saket Kapoor: When can we reap the benefit of the same especially for the category, electric mobility and other vehicle segments wherein we have losses closer to the tune of Rs. 100 crore for the first half, how should we look at in terms of H2 going ahead? And next question is on the cable and the control lever part. Where are we in terms of the ecosystem for the data center?

A Balachandar: So, if you look at Greaves Electric Mobility like Mr. Vijaya Kumar explained, we have had new launches both in e-two-wheelers and three-wheelers and there is a good acceptance of that in the market. We have grown quarter-on-quarter 29% in two-wheelers and 30% in three-wheelers and we have a very strong path to profitability. So, while I would not be able to give forward guidance, I think some of our past performances can give confidence in our journey ahead. In terms of push pull cables, can you please repeat the question?

Saket Kapoor: It's regarding the data center ecosystem. Are we there as a player supplying the data center ecosystem in terms of cable or any other functionality?

A Balachandar: In terms of push pull cables, I don't think data center is one of the industries we operate in, but maybe the genset business, which is where we operate in the data center business, that's an upcoming business, and yes, we have our plans to enter that business also.

N Jayakumar: Akhila, if I can add. As Mr. Nagesh mentioned, we have a large non-auto business within Greaves Retail and Greaves Retail is already working on solutions on the lines of energy management services which cover the telecom and the data center segment, essentially things like battery packs, the spare parts around that, maintenance services and so on. So, obviously we won't be able to share more details on that, but I just want to let you know that we do play in that segment.

Moderator: Ladies and gentlemen, with that, we conclude our question-and-answer session. On behalf of Greaves Cotton Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Note: This transcript has been edited to improve readability.