GREAVES

14th February, 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 nine months ended 31st December, 2023

In furtherance to our letter dated 31st January, 2024, please find enclosed herewith the Transcript of the quarterly earnings call for the quarter and nine months ended 31st December, 2023. 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

Encl.: a/a

Greaves Cotton Limited
Earnings Conference Call
February 08, 2024

Moderator: Ladies and gentlemen, good day and welcome to the Greaves Cotton Limited Q3 and 9M FY24 Earnings Conference Call. From the management we have with us Mr. Nagesh Basavanhalli – Non-Executive Vice Chairman GCL, Dr. Arup Basu – Managing Director, GCL, Ms. Akhila Balachandar – Group CFO, GCL, Mr. Sanjay Behl – CEO, GEMPL, Mr. Narasimha Jayakumar – CEO, Greaves Retail, Chandrasekar Thyagarajan – CFO, GEMPL.

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 opening remarks are concluded. Should you need assistance during the conference call, please signal the operator by pressing "*" then "0" on your touchtone 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 afternoon everybody. Thank you for joining the Q3 FY24 Call for Greaves Cotton. At the outset, let me say a few words and then hand it over to management for the commentary. We're happy to report the results and the details of which the CFO will be discussing shortly. At the outset, our diverse portfolio and the strategy over the years with the commitment to fuel agnostic solutions have played a pivotal role in driving our advancements.

We're also glad to report the synergistic collaboration with Excel Controlinkage bringing new capabilities and newer avenues of growth for Greaves and Greaves Engineering continues to expand its presence in engines and other areas. Greaves Retail backed by its asset light, high ROCE business and fortifying its presence in the aftermarket, aligning with our goal of continued expansion both in domestic and other markets.

Our enduring success is rooted in steadfast focus on capability building, our value proposition and our ability to fulfill the requirements of our diverse customer base. With that, let me hand it over to Dr. Basu, MD of Greaves.

Arup Basu: Thank you, Nagesh. Good afternoon ladies and gentlemen. My commentary is on the performance of Greaves Engineering that is Engines and Excel Controlinkage. We continue to make good progress on our ongoing program to build a future ready fuel agnostic portfolio to gradually wean us from a dependence on demand for diesel engines.

As I mentioned during the analyst call on 8 November 2023, the ICE Engine and Genset portfolio is being augmented with greener fuel agnostic variants that can use CNG, biodiesel and ethanol blended fuels.

In addition, we have commenced sales of fuel agnostic engine components. This new product line utilizes our current manufacturing equipment and will help us extract more value from our manufacturing infrastructure and other equipment.

Additionally, as this new product line relies on our existing domain expertise in precision machining, the business can grow relatively rapidly. Simultaneously, we are increasing our share of exports which in Q3 FY24 has increased to about 15% of our revenues. The integration with Excel Controlinkage has moved to the next stage with the initiation of cross selling products and services.

Simultaneously, we are continuing to augment our prevailing domain depth in mechanical engineering with mechatronics and electronics. The latter will also help accelerate the growth of electronic sensors. In Q3 FY24, Greaves Engineering delivered an operating profit margin of 15.5% on revenues of Rs. 375 crore, higher than the 5.5% EBITDA that was delivered in Q3 FY23 and higher than the 14.5% EBITDA delivered in Q2 FY24.

In the Engine segment, operating profit margin improved to 12.6% in Q3 FY24 on revenues of Rs. 301 crore compared to 5.5% EBITDA in Q3 FY23 and 10.5% in Q2 FY24. Excel Controlinkage delivered in operating profit margin of 27.5% on revenues of Rs. 74 crores in Q3 FY24. Overall, the prevailing tailwinds in the Indian economy, our increasing global customer base, the diversity of our platform technologies and application areas combined with our brand Greaves makes us optimistic about the future. Thank you. I now hand it over to Sanjay Behl. Over to you Sanjay.

Sanjay Behl: Thank you, Arup. I'm going to talk about the Greaves Electric Mobility business for Q3 FY24. Overall, Greaves Electric Mobility had an excellent quarter in the 3-wheeler business with 37% year-on-year growth. While our L3 business registered a healthy 18% growth, the L5 business nearly doubled during the quarter with 94% year-on-year growth. Our new Electric Cargo 3-wheeler, Greaves Eltra is now FAME subsidy eligible and listed on the NAV portal effective 15th of January 2024.

The Electric passenger 3-wheeler vehicle business is also FAME certified now, and we expect listing on the NAV portal over the coming few days. We are confident of a good retail offtake starting this month for our EV 3-wheeler business both for Eltra Cargo and Passenger vehicles. In our 2-wheeler business while the overall volumes declined on a quarter-on-quarter basis, Ampere registrations grew on Vahan by 9% in Q3 FY24 and the brand continues to be amongst the top 5 electric scooters in India.

As announced during the Auto Expo last year, we will soon be launching the much-awaited NXG Scooter. This new age high speed fully connected scooter is 100% in-house, designed by the Greaves design team and will be manufactured at our EV Mega Site in Ranipet. This new scooter from Ampere portfolio is equipped with one of the lightest operating software and brightest touch screens ensuring seamless navigation and connectivity, elevating the driving experience to a new height.

With an objective to demonstrate NXGs impressive power performance and superiority, we embarked upon an unprecedented 5,100-kilometer, long Kashmir to Kanyakumari drive on January 14th of this year, just about 3 weeks back and we started symbolically with Reasi, a source of the lithium finds in Jammu Kashmir. This is the first of its kind road travel challenge undertaken and that too in extreme climatic condition and vastly varying road terrains of the country by any electric vehicle of any format in India.

With these vehicles halfway in their journey, the response from the field has been extremely positive thus far. We continue to stay invested in launching new products and variants and we are hopeful of continuing profitable growth in the coming quarters. Thank you. may I now hand over to Narasimha from Greaves Retail.

Narasimha Jayakumar: Good afternoon, ladies and gentlemen. This is Narasimha Jayakumar, CEO of Greves Retail. Very pleased to give you an update for Q3 FY24. Greaves Retail recorded a revenue of Rs. 141 crores for Q3 FY24, very strong EBITDA margins of 21.4%. We had higher spare part sales in all our core markets with a much better product mix.

Q3 FY24 EBITDA margins were up by 310 basis points on a year-on-year basis and for the 9M FY24 we have recorded a revenue of Rs. 425 crores, up 8% YoY. Greaves Retail continues to be committed to its strategy to be fuel agnostic aftermarket players with a focus on multi brand part sales. During the quarter, Greaves Retail expanded its range of various products, namely our Greaves Power Raja Battery, various EV parts for the aftermarket catering to the e-rickshaw segment. These include motors, controllers, chargers, DCDC converters etcetera for the e-rickshaw segment. We also did launch a number of digital and technology initiatives including the launch of our new Greaves care app for 3-wheeler and 2-wheeler customers that enable them to digitally manage their service bookings and get notifications when their service is due. Considering the growth of the EV population, particularly e-rickshaws, the business continues to expand, distribution and retailing reach.

As I've stated previously in our calls, across the country with the greater emphasis on Tier 2, Tier 3 cities and towns in the North and East of the country. At the end of Q3 FY24, we had our retailing network had approximately 9,300 retailers including 250 specialist stock kits for EV parts and battery, 130 plus distributors and we have engaged with 21,000 plus mechanics in the country.

Our recent launch of our Greaves Upahar which is our mechanic loyalty program app, and our other apps strengthens our connections with our partners and customers. I just want to reiterate that we are a very asset light business and with a very high ROCE, ROCE for the quarter exceeded 100%, so excited about that. Just handing it over to now Akhila.

Akhila Balachandar: Thanks Narasimha and good afternoon, everyone. We are very happy to report our consolidated revenue for the quarter of Rs. 665 crore, up by 30% on a year-on-year basis compared to Rs. 514 crores last year Q3 FY23. On a standalone basis GCL has reported a revenue of Rs. 443 crore, up by 21% year-on-year. Excel, as already shared by Arup, reported a revenue of Rs. 74 crores and electric mobility has reported a revenue of Rs. 149 crores.

For the 9M FY24, GCL has reported a standalone revenue of Rs. 1,297 crores, up by 17%. Again, on a standalone level GCL reported an EBITDA of Rs. 67 crores, which is a growth of 73% year-on-year. Our margins have improved by 450 basis points, that is we moved from 10.7% to 15.2%. Here, I would like to share that we continue on our EBITDA improvement journey. This quarter, we have reported EBITDA at 15.2%, which is possibly the highest in the last 8 to 10 quarters and if I were to look at GCL plus Excel as a combination the margin stands at a healthy 16.9%. This now puts us back on track of our historical trend of 13% plus margins of pre COVID levels.

On a YTD basis also, our EBITDA for the 9M FY24 stood at Rs. 175 crores. Same period last year our EBITDA was Rs. 100 crores and hence a growth of 76% year-on-year, our improvement in margins has also been by 450 basis points for this period, up from 9.1% to 13.5%. Along with the margins, we have been very focused on capital efficiency both at the CAPEX level and at the working capital level and this has ensured that our ROCE today stands at a healthy 50 plus percentage level.

In terms of balance sheet strength, the company continues to be almost at a zero-debt level, and we have a consolidated cash position of Rs. 600 plus crores which can be used for further expansion as we go forward.

Looking forward, we remain steadfast in our commitment to our growth strategy. We are also 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 that we had seen a lot of pressure in the early part of last year was the overall commodity cycle and that led to an increase in the raw material cost for some of our product segments.

I'm happy to note that the commodity cycle softening is having a positive impact and as we go forward, we're expecting the raw material prices and raw material cost as a percentage of revenue to remain stable in the coming quarters. I would just like to take a step back. We did receive number of questions over the last quarter regarding FAME subsidy and I would like to point out to the note number 6 in our consolidated financials and would like to share again that

GEMPL has submitted its response to the notice that it received from MHI within the prescribed timelines. The management has complied with the scheme, duly considering and supported by legal advice. However, keeping in mind the interest of the consumers and without accepting any of the allegations, contentions or statements in the notice and without any prejudice GEMPL on October 27, 2023, offered to amicably resolve and put the quietest to the matter refunded an amount of Rs. 140 crores towards the subsidy reimbursed by the MHI to date which is Rs. 124.9 crore and an interest of Rs. 15.1 crores.

The amount refunded and the subsidy receivable of Rs. 337.3 crores net of provisions have been fully provided for as an exceptional item in the statement during the second quarter of the financial year. With this, there is no further liability which rests on the company regarding this matter. Again, this is all explained in the last quarter, but given the number of questions I am just reclarifying the entire position. With this I now open the floor for the Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Amin Pirani from JP Morgan. Please go ahead.

Amyn Pirani: My first question is on the EV business as well as more specifically on the EV 2-wheeler. You mentioned that you are going to be soon launching the NXG which was shown at the last Auto Expo. I just wanted to get a sense from you in terms of how we should think about pricing given that a lot of the startups as well as legacy companies have launched lower price products and in an extreme case at least one company has started launching extremely low-priced products almost taking the price of a smart EV to the price of a very basic EV more recently. So, how should we think about pricing and profitability going forward as you embark on new launches and try to regain some of the market share?

Sanjay Behl: If you've seen the philosophy of pricing by Greaves, in fact over the past 4 years if you look at our electric portfolio, we have adequately demand cost and price in this category and will continue to stay the course. Our core philosophy is to balance growth, market share and profitability. So, if you look at the overall numbers, we still are even without subsidy a double-digit gross margin positive business in EV and I'm specifically talking to the 2-wheelers that you referred to. So, what is to be expected is in the new scooter that we are launching, the price will be competitive to make sure that we stay in unit economics positive and if subsidy gets restored going forward which you expect. I think it will be a healthy margin, that's what you should expect.

Amyn Pirani: And as a corollary to this, how much of a benefit are you already seeing or are expecting to see from the fact that cell prices have fallen. So, is this double-digit gross margin helped already because of the decline in cell prices, or this is something that can get some more benefit going forward?

Sanjay Behl: So, partly you're right. In fact, there has been a globally softening of cell prices that we've seen over the last two quarters and part of the benefit is being passed on by the industry that is helping us also so that is there and we expect that with the overall scale going up in electric vehicle industry and across all the formats there we expect the cell prices to continue to stay where they are and if that happens or continue to come down slightly and if that happens, you will find us also becoming more price competitive and margin healthy as we go forward.

Moderator: Thank you. The next question is from the line of Jyoti Singh from Arihant Capital Markets Limited. Please go ahead.

Jyoti Singh: My question is on the growth side what are the expectations on the top line side going forward?

Akhila Balachandar: So, as a policy the company has not been giving any forward guidance and that is the policy that we continue to have. But if you've been tracking us for the past many quarters, there has been a transformation journey which is now in play for more than 7 to 8 quarters and whatever has been talked about and committed by the management is a lot of things work in progress, a lot of things are continuing now to play out, so that is what I would be able to share about it.

Jyoti Singh: Also, it will be very helpful if you can guide us segment wise like which segment, we are seeing more traction that will also be helpful for us?

Akhila Balachandar: When you say segment, would it be Retail and Engines business or is there anything else that you're looking forward?

Jyoti Singh: Yes, ma'am Retail and Engine in general.

Akhila Balachandar: So, if you were to look at both the business performance this quarter as well as a journey over the last 7 - 8 quarters, where the Engine business if I were to take Q1 FY23 and therefore 7 quarters we've really moved from Rs. 253 crores on a quarterly run rate to now Rs. 300 plus crores and an EBITDA improving from 2.9% margin to 12.6%. On the Greaves Retail, we move the needle from Rs. 121 crores to Rs. 141 crores and the margin improvement has been significant from 16.5% to 21.4%.

On a quarter-on-quarter basis, we have done a growth of approximately 21% compared to the same period last year at a Greaves Cotton level and this has been the journey of the company. Given that we acquired Excel in May of 2023, this also now has been addictive to our overall business performance and if you know Excel has done extremely well, delivered results of Rs. 74 crores top line and an EBITDA margin of 27.5%.

GCL plus Excel hence gives me a very good, combined result of Rs. 517 crores for the quarter with the margin of close to 17% or 16.9% to be very precise. So, this is the journey that we have now gone through.

Moderator: Thank you. The next question is from the line of Himanshu Dugal from SafeGainz. Please go ahead.

Himanshu Dugar: If you could just give us an update around the cash deployment plan on your CAPEX timeline and the acquisitions and what are you looking at right now?

Akhila Balachandar: As you are aware, we currently have close to Rs. 400 crores plus of cash at a standalone level and close to Rs. 600 crores plus at the consolidated level which means our subsidiary Greaves Electric Mobility has Rs. 200 crores approximately of cash on their books. Both these companies have very strong CAPEX plans going forward.

At Greaves Cotton, our CAPEX plan is approximately Rs. 100 crores for this year and Greaves Electric Mobility have got its own plans of another Rs. 100 crores CAPEX in the current year, all these investments are towards the development of newer technologies and improving the existing product portfolio. This is core to the business and that is where we are currently investing.

Apart from that, we are also actively looking for opportunities where we can acquire stakes in businesses which will be additive to our core businesses which is both the Engines, Retails and Electric Mobility businesses. So, we do have enough strength in our balance sheet today to do some really good acquisitions. I hope that answers your question.

Himanshu Dugar: Just a follow up on that, especially on the Electric side, what are the current capacity levels and utilizations and in this new CAPEX are you looking at design related CAPEX or is it again going to be towards some amount of capacity?

Sanjay Behl: Most of the CAPEX till now, if you know the Ranipet which is the EV Mega Site capacity for our 2-wheeler business some quarter of a million already existing with one shift and going to half a million now scooters in two shifts there. So, there is very limited capacity. Most of this is growth related CAPEX which is getting into product development. And capacity is minimal in the current financial year. We already have adequate capacity for both 2-wheeler and 3-wheeler businesses.

Himanshu Dugar: Sorry I'm not able to follow like these Rs. 100 crores that you're planning to spend in the coming year?

Sanjay Behl: Most of it is on product development. Capacity is limited because both our 2-wheeler and 3-wheeler businesses have adequate capacity and headspace for continued growth for some time to come.

Himanshu Dugar: Any insights on your product pipeline, in terms like what are the kind of products you're planning to launch or some other gaps in your product portfolio because I understand given the recent launches also, you're kind of covering most of the gaps different types available. So, what else do you think is pending or where else do you want to introduce more products?

Sanjay Behl: In the Electric Mobility side, one segment where we wanted to represent and that's what I talked about in my opening commentary also was the high speed fully connected IoT segment there and that's getting filled up with the launch and pending launch of NXG as it gets into the launch sometime in the first half of this year. So, that is the one that is getting filled up in electric 2-wheeler that will make Greaves Electric Mobility a strong player across all the three segments in slow speed with Rio which we launched last quarter. Our city speed we have anyway been in a very strong leading position there with Magnus ex and coming to high speed one with primus that we launched and now getting completed with NXG we would have a representation across all the four segments.

On the 3-wheeler side, one segment where we have not been represented as the electric 3-wheeler L5 format and that we launched an Electric Cargo lost last month and passenger we should be launching anytime over the course of this quarter itself. So, that fills the electric 3-wheeler both cargo and passenger segments. So, that will now give us if you look at the Greaves Electric Mobility, full representation across all the customer segments in both 2-wheelers and 3-wheelers and both for B2C and B2B plans.

Himanshu Dugal: Just one last question on the Electric Mobility side. Now that this same thing is kind of getting settled and are you looking at some aggressiveness towards your campaigning or the marketing or some changing in the model what are you trying to gain market share here, what else are you working on?

Sanjay Behl: So, look at our current position as we get into this three basic facts and three initiatives if you see. The three basic facts are that even without subsidy now running for 8 months in a row, Greaves Electric Mobility continues to be amongst the top 5 electric scooters in the country in terms of its market share. Look at our YTD market share, it's close to about 7%. I'm talking about YTD as in now it's close to about 7% and then with subsidy getting restored hopefully it has enough resilience because subsidy will be to the tune of about added 15% does make us more competitive in our product price proposition in the market. So, that would be one key thing and specifically to your question about regaining market share so that gives us resilience in the market gap. Added to that, there are both initiatives on products. One new variants have been launched and second new products are being launched.

One variant that has just gotten to the market is a variant of Magnus, our flagship product Magnus Ex, that's Magnus LT which is still in the city speed segment, but it's attracting a different kind of a customer and the second one which is a new product and will attract a new set customer segment altogether is the launch of NXG, which is a high speed scooter.

So, these are the some of the things specifically in 2-wheelers if you see, these are the products that we're launching, and I already talked about 3-wheeler collateral filling the product. In addition to that, the point that you made on additional marketing spends and all that I think we will continue to stay extremely capital efficient in our marketing right now. Given that it's still a nascent category with low penetration so we will be a lot more digital and direct marketing focused and we will evaluate from quarter-to-quarter as to when is the time to go and really start increasing our marketing dollars. So, the ROI in terms of marketing will remain a very, very high priority for the company.

Moderator: Thank you. Our next question is from the line of Rishikesh Oza from RoboCapital. Please go ahead.

Rishikesh Oza: Sir my question is with respect to our EV 2-wheelers and 3-wheeler volume. So, how do you see the volume growth going ahead from Q4 FY24 onwards and for the coming one or two years for about 2-wheelers as well as 3-wheelers?

Sanjay Behl: I think it's a question about forward guidance both in terms of market and specific portfolio and as Ms. Akhila has clarified that as per our policy, we will not be able to give you forward guidance, but I think the current trends are indicative enough. As you've seen in 2-wheeler slowed down a little from the earlier kind of accelerated growth gradient, but we expect this continued kind of a growth there and in 3-wheelers you've already seen that market is at about pre COVID levels and from here on, I think we will have to see as to how depending on many other variant which are yet unknown like incentives, games and government things and PLIs how they play out. So, we're in no position to give any speculative forward guidance on this.

Rishikesh Oza: But I think if I have to see quarter-on-quarter, both 2-wheeler as well as 3-wheeler numbers, there have dip the numbers. So, how do you see them going ahead like do we see them bouncing back to our previous numbers from next quarter onwards or from coming after coming few quarters can you please indicate?

Sanjay Behl: It's again a forward guidance in a way. In a different way, you're asking the same question there. I do see the numbers that you're talking about which is that in the 3-wheeler segment you're seeing plateauing of numbers. Both in L3 actually there has been a decline quarter-on-quarter. I'm talking about the industry numbers and in L5 again there is a very marginal low single digit growth that you're seen in Q3 FY24. So, that's the current trend there. If you look at the January numbers, there are no better it's pretty much a flattish kind of a trend. So, at best published numbers of January which I can talk about and even in 2-wheelers, the market has been pretty flattish if you see the January numbers. If you look at the trending MRR converting into QRR and January is about 81,000 registrations in electric 2-wheelers which is almost equal to the 240 odd trends that we've seen in Q3 FY24. So, the published number is the best guidance I have at this stage.

Moderator: Sonal Minhas your line has been unmuted. Please go ahead with your question.

Sonal Minhas: Sir, I have a question on the E-mobility business. Given the EBITDA loss and the cash burn in this business hoping it's going to improve from here on, but from a financial prudence perspective and maybe some internal workings I am presuming so like what is the level to which this business can bear the losses given the cash balance and from a timeline perspective what is it that you are near term milestones you want to have for this business to break even and to cut the EBITDA losses?

Sanjay Behl: It's again a very strategic kind of question. Look the first thing is to get subsidy getting restored going forward. We need to start showing resilience in our market share that's going to be the first pick that the management team will look at as to how can we come back and start showing a rebound back into market share. And as I had mentioned in the earlier answer that we still continue to have a strong position in overall electric scooter segment with good traction for our products. So, that would be the first matrix there.

Second, it's going to be some of these new products that we are launching we'll have to have that matrix in terms of looking at how they can contribute and given that they will be addressing largely a new customer segment that's going to be a delta on top of the existing rebound that we are likely to see going forward. So, that's going to be a delta sitting on top of it and all this with a double-digit gross margin and good contribution, healthy contribution margin even without subsidy today is only going to add up and show a road to profitability specifically that you're mentioning about.

So, I think these are the two initiatives that are currently there beyond that there has been a strong improvement in our overall cost position over the last 3 quarters and that will continue to keep adding fuel to the high profitability road map. So, I would just leave it at that at this stage.

Moderator: Thank you. Our next question is from the line of Kapil Agarwal from Daksh & Associates. Please go ahead.

Kapil Agarwal: So, my first question is what is the status of FAME subsidy for Ampere and the second question regarding what kind of response we are getting from that Nepal market in terms of volume and pricing over there?

Sanjay Behl: So, to the first question as you heard Akhila clarify in the subsidy clarification that we gave. We refunded the subsidy amount to MHI on 27th of October. Ampere products were taken up by the authorized testing agency immediately after that for the FAME scheme recertification and our flagship scooter Magnus Ex has already been recertified for FAME-2 eligibility in December month and now we are expecting other models to get certified soon.

We are awaiting the MHIs approval at this stage to be regularized on the FAME scheme and this will happen by actual activation of the electric 2-wheeler products on the NAV portal So, that's the status of the number one answer to your number one question. Your numbers two questions on Nepal, we have sent 80 Primus vehicles in the last quarter to Nepal and that's the one partner dealer that we have, one of the largest firms in Kathmandu and we've already started retailing the scooters there about 20 of them have already got retailed out in the last about 4 to 6 weeks that the scooter has hit the shores of Nepal there and we expect this to continue growing as we go forward. The pricing is extremely competitive. In fact, it's the same pricing converted for Nepal currency that is stable.

Kapil Agarwal: So, approximately by when we can say that our FAME subsidy will be started for our 2-wheelers any timeline or anything if you can give?

Sanjay Behl: We were in no position to give a timeline. We are just, as I told you await MHI approval, but we're not in a position to give any timeline today.

Kapil Agarwal: Any other plan or we can say any other overseas market to tap any other overseas market in near future?

Sanjay Behl: Now, at this point of time we are in talks with some markets there, but at this point of time nothing firm for me to commit at this stage.

Moderator: Thank you. Our next question is from the line of Anubhav from Prescient Capital. Please go ahead.

Anubhav: Sir, are there any fundraise plans for GEMPL in like the recent which are given like cash has gone lower and like still a loss-making business in foreseeable future. So, are there any near-term fundraising plans or are we even considering sort of an IPO for this?

Akhila Balachandar: So, Greaves Electric is obviously here for the long haul. They are currently in the process of developing various new products both in the 2-wheeler and 3-wheeler category and the management and the board, essentially the board, will take an appropriate decision as and when required. I hope that answers the question.

Anubhav: Just as a follow up, like do you see enough runway given the cash on books and given the product development spending and all and given the losses, do you see enough runway for the cash on books?

Akhila Balachandar: As of now, we do have sufficient runway and the board is actively seized of this matter and will take an appropriate decision.

Anubhav: Did we apply for the PLI scheme for the EV business?

Sanjay Behl: We are not part of the PLI scheme.

Moderator: Thank you. Our next question is from the line of Faisal Zubair Hawa from HG Hawa & Company. Please go ahead.

Faisal Zubair Hawa: In the repeated questions about the Electric Mobility, the original business of our power generators that get largely ignored. So, how are we doing in that business and what is the kind of R&D we are trying to do to be much ahead of the competition because Cummins seems to be doing very well and how are we placed against them now? What are the kind of ROCE and ROE that we have in that kind of business?

Arup Basu: So, in terms of the products and the offerings, first of all, we have a diverse set of applications where we are selling our Engines as well as our Components and the applications range on the way from auto to pumps to Gensets and now to the components of various engines where irrespective of the fuel which is used for the engine, that's one line of growth.

In terms of the others, we are looking at enriching our product mix through new product development. So, fuel agnostic engine design is a new product area because of the changing landscape on emissions. So, our entire Genset portfolio, for example, is CPCB-IV compliant, which is the latest compliance norms on this application.

Similarly, all our engines for the automotive applications in 3-wheelers are also compliant to the latest norms that are there that are prevailing in India. The third area of work is new customer acquisition because our portfolio across Excel and Engines opens up a larger landscape of potential customers for our products, that's the other dimension we are looking at and all of this is also linked to a growth in exports where we've got customers across EU as well as US, where we are selling both Engines as well as Engine Components and this is underpinned with our higher capacity utilization of our current asset base which is now up in the high 80s and 90s and that is also giving us decent amount of operating leverage. We have a fairly high degree of ROCE in the business as a result of all of these actions.

Needless to say, our cost focus is also very intense in terms of both the design of form and the design of Engines and Components that we're doing.

Faisal Zubair Hawa: Do you mean to say that our capacity utilization is around 85% to 90%? And how are we doing on orders, is the industrial revival and the CAPEX cycle also boosting our orders?

Arup Basu: For the CAPEX, we have a complex set of manufacturing facilities which is a combination of assembly lines as well as manufacturing. There was a lot of work done on debottlenecking and increasing capacity utilizations which has happened internally which is why we have created a fair amount of additional capacity which we are able to cater to the next tranche of growth. So, we are very thoughtful about how we spend our CAPEX and so we don't have a challenge in terms of meeting spikes in orders or increasing orders and we have enough of our asset base to be able to do that without incurring very heavy CAPEX.

Faisal Zubair Hawa: Would it be a right statement to make that most of our divisions are like firing on all cylinders and it would be FAME subsidy which is causing some kind of problem and also sir on many concalls previously you have referred that you would like to build up an entire ecosystem of ancillary suppliers for our electric scooter. So, how far progress we have made on that are there people ready to invest money for us on a standalone basis to supply to us so that capacity can move up substantially as and when you know our profitability comes in?

Nagesh Basavanhalli: So, let me start. I think there are multiple questions I'll attempt. So, I think the first part is multiple businesses firing. I think that was the first part of the question. If you look at our strategy several years ago, we went from a single fuel single customer, single industry to multiple revenue streams which is Greaves Engineering which is components both in the Auto, Non-Auto as well as Construction of highway equipment now with the addition of Excel. So, the addressable market increases there. And yes, both on the Engines as well as on the Excel side you're seeing the margin improvement and the revenue growth aided both by domestic and some exports.

Now coming to Retail you've seen the Spares and the Services part and that's again the CFO talked about the margin growth in both of these businesses. Greaves Electric Mobility obviously Mr. Behl has shared a lot of the details into that and the short-term challenges that that business faces.

So, clearly the businesses have moved from a single business, single fuel to multiple businesses, multiple revenue streams and both between B2B and B2C thus moving towards a strategic focus of getting closer to the consumer doing both B2B plus B2C and leveraging lifecycle value extraction over the value chain and I think that's kind of what you're beginning to see which is part of your next question which is the ecosystem effects. When you look at, while the component play is done out of Engineering, high end engineering precision, component manufacturing, supply chain capability exists out of the first core, Retail is the post purchase solutions which has the spares, the service, the aftermarket sales in between of course you sell the vehicles through Electric Mobility and then of course we have two small enabler businesses in the Greaves Finance which enables the financing of EV's and Technologies which helps develop advanced technologies into some of those engineering divisions.

So, when you look at it aided by the 20,000 odd mechanics, 10,000 odd retailers, Pan India presence and growing capability between mechanical to mechatronics to electronics, to sensors that capability expansion we are moving from an industry which is a metal bashing industry to over to lot of the mechatronics and then the software part. So, I think that skill set addition is also happening as part of this transition. So, I think that's kind of what you're saying hopefully that shows why it's multiple revenue stream, it's diversified across fuels, across industries, across geographies hopefully that addresses your question.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference call to the management for closing comments.

Nagesh Basavanhalli: Thank you all for joining. Much appreciate you taking the time this afternoon, obviously our management will be available for answering any questions offline through our respective coordinators. Thank you so much. Have a great day.

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Note: This transcript has been edited to improve readability.