

**CMP: INR 182**

**Rating: Buy**

**Target Price: INR 260**

**Stock Info**

BSE	501455
NSE	GREAVESCOT
Bloomberg	GRV IN
Reuters	GRVL.BO
Sector	Industrial Machinery
Face Value (INR)	2
Equity Capital (INR Mn)	465
Mkt Cap (INR Mn)	42,250
52w H/L (INR)	320/ 160
Avg Yearly Vol (in 000')	5,108

**Shareholding Pattern %**

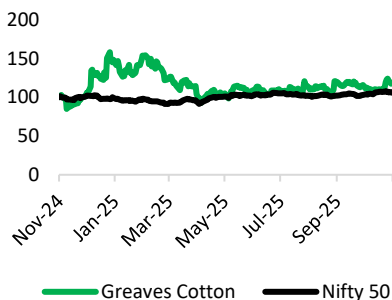
(As on Sep, 2025)

Promoters	55.80
FII	2.64
DII	3.80
Public & Others	37.75

**Stock Performance (%)**

	1m	6m	12m
Greaves Cotton	1.79	12.08	17.72
Nifty 50	2.83	4.65	5.72

**Greaves Vs Nifty**



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We met the management of Greaves Cotton Mr. Parag Satpute (MD & Group CEO), Ashish Kale (Lead Strategy), and Akhila Balachandar (CFO) where the company reiterated its 16–20% CAGR trajectory for the consolidated GCL business over the next 4–5 years, with exports positioned as the primary growth driver across portfolios, supported by sustained capex and R&D investments toward technology upgrades. Standalone EBITDA margins in the core business are expected to remain within the 13–15% range, with potential upside from a richer export mix, partly offset by ongoing reinvestment in technology capabilities. Margin performance in H2 is expected to be in line with, or marginally ahead of, H1, aided by strengthening export momentum. We expect Greaves Cotton revenue, EBITDA and PAT to grow at a CAGR of 15.43, 23.9%, and 49.4%, respectively, over FY26-28E. We maintain our Buy rating with TP of INR 260 per share based on DCF; an upside of 42.9%.

**Business Structure Update** From Q3 onward, the company will report operations under three customer-facing verticals: 1) Energy Solutions – Non-auto engines and genset-linked applications. 2) Mobility Solutions – Auto engines (diesel/CNG) and electric powertrains. 3) Industrial Solutions – Components and engines for agri, infra, and specialized industrial uses Greaves Electric (GEL) and Greaves Finance will continue to be disclosed separately.

**Export Engine Traction** The Euro-5+ single-cylinder engine program with a European microcar OEM continues to perform strongly. Export engines offer better realizations and provide steady demand visibility, forming a key pillar of profitability.

**Mobility Powertrain:** The EV L5 motor developed with Chara Motors is undergoing validation with leading 3-wheeler OEMs. Greaves is responsible for customer access, while Chara focuses on motor development. Commercial movement is expected post successful trials.

**Energy Solutions Vertical:** The genset-linked engine portfolio has delivered consistent performance over the past few years. Management views this vertical as structurally stable with predictable demand patterns.

**Greaves Electric (GEL):** The EV two-wheeler portfolio (Magnus, Nexus, Rio) is operating at ~6,000 units per month, though Rio volumes are not fully captured in Vahan data. Product margins have normalized after earlier PLI-related pressure.

**Market share:** ~5% EV share including Rio (not all models published by Vahan).

**Nexus (premium)** gaining traction but range perception issue acknowledged.

**IPO**

The company already has all regulatory approvals in place until April, but it will go ahead with the IPO only when market conditions look favorable. Out of the planned INR 1,000 cr fundraise+ small OFS, about INR 585 cr is set aside for R&D and new product development, including work on batteries, BMS, and future platforms.

**Greaves Finance:** The NBFC operates with an AUM of INR 380 crore, primarily focused on EV two-wheeler and small-ticket retail financing. Growth will remain organic with no acquisition plans. FY26 exit AUM targeted INR 250 cr on-book.

**Chara Motors**

The Chara Motors partnership is emerging as the most critical long-term trigger, given Chara's rare-earth-free motor technology that provides a strategic edge amid rising concerns over Chinese rare-earth dependence. L5 motors have already entered customer trials with leading 3W OEMs (barring Bajaj), and while management remains cautious, they expect commercialization within the next few months, positioning the business for meaningful financial contribution from FY26 onward. Under the partnership structure, Greaves will drive customer access and commercial rollout, while Chara remains focused on core R&D, creating a complementary and scalable go-to-market model.

**Management Stability:** The company acknowledges past leadership churn. The new Group CEO brings a stable, long-tenure background with a mandate to strengthen leadership continuity and organizational stability.

#### **Segments**

##### **Energy Solutions**

Primarily comprising genset-linked non-auto engines, offers strong growth visibility with the industry expanding at 9–10% and Greaves targeting ~20% CAGR. After a solid three-year performance, this business is poised to become the largest contributor to the sales mix over the next five years. Management plans to continue investing in technology upgrades, emission-compliant platforms (Euro norms), and higher-horsepower engines. With early signs of a sustained demand cycle, the segment is positioned as a structurally positive and long-duration growth driver.

##### **Mobility Solutions**

This segment spans conventional diesel and CNG engines for 3-wheelers alongside emerging EV powertrain opportunities. Domestic auto-engine growth is expected to clock high single digits, while exports continue to gain momentum, with Euro 5+ engines already being supplied to European microcar OEM Ligier bringing higher realizations and superior margins. On the EV side, L5 motors developed through the Chara partnership are currently in customer trials and are anticipated to convert into orders over the next few months. Management expects long-term coexistence of diesel, CNG, and EV powertrains rather than an EV-only world which strategically positions Greaves to benefit across all three technologies.

##### **Industrial**

Mix of components + small engines for niche applications. Applications include firefighting pumps, agri implements, construction & infra equipment. Creates stable, diversified revenue and resilient even when auto cycles fluctuate.

Income statement (INR Mn)						
Year End-March	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Revenues</b>	26,995	26,332	29,184	32,768	37,677	43,659
YoY (%)	57.9%	-2.5%	10.8%	12.3%	15.0%	15.9%
<b>Adjusted COGS</b>	<b>19,700</b>	<b>17,994</b>	<b>19,876</b>	<b>21,713</b>	<b>24,824</b>	<b>28,547</b>
<b>Personnel/ Employee benefit expenses</b>	2,119	3,112	3,253	3,687	4,239	4,912
<i>Manufacturing &amp; Other Expenses</i>	3,841	4,311	4,699	5,039	5,756	6,626
<b>Total Expenditure</b>	<b>25,661</b>	<b>25,417</b>	<b>27,827</b>	<b>30,439</b>	<b>34,819</b>	<b>40,085</b>
<b>EBITDA</b>	<b>1,334</b>	<b>915</b>	<b>1,357</b>	<b>2,329</b>	<b>2,858</b>	<b>3,574</b>
<b>EBITDA Margin (%)</b>	4.9%	3.5%	4.7%	7.1%	7.6%	8.2%
Depreciation	567	844	1,035	1,049	1,110	1,201
% of Gross Block	10.4%	9.5%	10.3%	9.4%	8.9%	8.6%
<b>EBIT</b>	<b>767</b>	<b>71</b>	<b>322</b>	<b>1,280</b>	<b>1,748</b>	<b>2,373</b>
EBIT Margin (%)	2.8%	0.3%	1.1%	3.9%	4.6%	5.4%
Interest Expenses	117	92	163	169	177	187
Non-operating/ Other income	671	648	547	546	627	727
<b>PBT</b>	<b>1,128</b>	<b>-2,731</b>	<b>725</b>	<b>1,616</b>	<b>2,198</b>	<b>2,913</b>
Extra -ordinary	-151	-3,348	19	-41	0	0
<b>PBT after ext-ord.</b>	<b>977</b>	<b>-6,079</b>	<b>744</b>	<b>1,575</b>	<b>2,198</b>	<b>2,913</b>
Tax-Total	431	942	788	703	659	874
<b>Adj. Net Profit</b>	<b>697</b>	<b>-3,673</b>	<b>-63</b>	<b>913</b>	<b>1,538</b>	<b>2,039</b>
<b>Reported Profit</b>	<b>698</b>	<b>-3,673</b>	<b>-63</b>	<b>913</b>	<b>1,538</b>	<b>2,039</b>
PAT Margin	2.6%	-13.9%	-0.2%	2.8%	4.1%	4.7%

Balance sheet						
Year-end March	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Sources of Funds</b>						
Equity Share Capital	463	464	465	465	465	465
Reserves & Surplus/ Other Equity	19,212	16,278	15,388	16,282	17,638	19,279
<b>Networth</b>	<b>19,676</b>	<b>16,742</b>	<b>15,853</b>	<b>16,747</b>	<b>18,103</b>	<b>19,744</b>
Loan Funds	283	808	812	943	1,117	1,358
Other Liabilities	261	805	902	1,003	1,124	1,270
<b>Total Liabilities</b>	<b>27,244</b>	<b>24,644</b>	<b>25,516</b>	<b>27,532</b>	<b>30,890</b>	<b>34,809</b>
<b>Total Funds Employed</b>	<b>54,050</b>	<b>48,285</b>	<b>49,979</b>	<b>53,831</b>	<b>60,312</b>	<b>67,832</b>
<b>Application of Funds</b>						
<b>Net Fixed Assets</b>	<b>-260</b>	<b>-220</b>	<b>-316</b>	<b>-497</b>	<b>-437</b>	<b>-377</b>
Capital WIP	220	316	497	437	377	317
Other non Current assets	1,835	3,904	2,063	2,115	2,171	2,229
<b>Current assets</b>	<b>20,766</b>	<b>11,865</b>	<b>14,557</b>	<b>15,966</b>	<b>18,889</b>	<b>22,220</b>
Inventory	2,150	2,761	3,355	4,203	4,895	5,528
Debtors	1,662	2,364	3,345	3,415	3,967	4,502
Other Current Assets	1,060	933	1,131	1,244	1,369	1,533
Cash and Cash equivalent	864	1,478	1,350	1,353	2,118	3,155
<b>Current Liabilities/Provisions</b>	<b>7,130</b>	<b>6,900</b>	<b>8,610</b>	<b>9,552</b>	<b>11,319</b>	<b>13,279</b>
Trade Payables	4,414	3,860	5,221	5,576	6,443	7,525
Liabilities	1,924	1,612	1,696	2,024	2,616	3,129
<b>Net Current Assets</b>	<b>13,636</b>	<b>4,965</b>	<b>5,947</b>	<b>6,414</b>	<b>7,570</b>	<b>8,941</b>
<b>Total Asset</b>	<b>27,244</b>	<b>24,644</b>	<b>25,516</b>	<b>27,532</b>	<b>30,890</b>	<b>34,809</b>
<b>Total Capital Employed</b>	<b>13,608</b>	<b>19,679</b>	<b>19,569</b>	<b>21,118</b>	<b>23,321</b>	<b>25,868</b>

Source: Arianth Research, Company Filings

Cash Flow Statement						
Year End-March	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Profit before tax</b>	<b>697</b>	<b>-3,673</b>	<b>-63</b>	<b>913</b>	<b>1,538</b>	<b>2,039</b>
<b>Adjustments: Add</b>						
Depreciation and amortisation	567	844	1,035	1,049	1,110	1,201
Interest adjustment	-555	-555	-384	-377	-450	-540
<b>Change in assets and liabilities</b>	<b>663</b>	<b>-3,593</b>	<b>356</b>	<b>1,306</b>	<b>1,896</b>	<b>2,165</b>
Inventories	-216	-612	-594	-846	-692	-633
Trade receivables	202	-703	-981	-69	-553	-535
Trade payables	628	-553	1,361	467	768	1,084
Other Liabilities and provisions	-495	278	140	355	621	544
Other Assets	-8,401	8,364	-2,604	-464	-510	-588
Taxes	-73	274	-102	0	0	0
<b>Net cash from operating activities</b>	<b>-7,692</b>	<b>3,457</b>	<b>-2,425</b>	<b>751</b>	<b>1,531</b>	<b>2,037</b>
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-579	-5,501	-1,116	-1,623	-1,509	-1,747
Net Sale/(Purchase) of investments	-448	608	967	542	622	719
Others	0	-2,274	1,896	-54	-56	-59
<b>Net cash (used) in investing activities</b>	<b>-1,026</b>	<b>-7,167</b>	<b>1,747</b>	<b>-1,134</b>	<b>-943</b>	<b>-1,086</b>
Interest expense	2,062	-1,126	-527	153	230	336
Equity raised	0.30	0.70	1.00	0.00	0.00	0.00
Other financing activities	7,675	2,210	-284	-279	-302	-535
<b>Net cash (used) in financing activities</b>	<b>9,713</b>	<b>1,438</b>	<b>-446</b>	<b>243</b>	<b>337</b>	<b>465</b>
<b>Closing Balance</b>	<b>5,414</b>	<b>3,142</b>	<b>2,017</b>	<b>1,877</b>	<b>2,801</b>	<b>4,216</b>

Key Ratios						
Year-end March	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Solvency Ratios</b>						
Debt / Equity	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt / Equity	-0.3	-0.2	-0.1	-0.1	-0.1	-0.2
Debt / EBITDA	0.0	0.5	0.4	0.2	0.2	0.2
Current Ratio	-4.0	-2.9	-1.1	-0.5	-0.8	-1.0
<b>DuPont Analysis</b>						
Sales/Assets	1.0	1.1	1.1	1.2	1.2	1.3
Assets/Equity	1.4	1.5	1.6	1.7	1.7	1.8
RoE	3.5%	-21.9%	-0.4%	5.5%	8.7%	10.6%
<b>Per share ratios</b>						
Reported EPS	3.4	-15.8	-0.3	3.9	6.6	8.8
Dividend per share	0.2	0.9	1.0	1.2	1.3	2.3
BV per share	84.9	72.2	68.2	70.9	76.2	82.7
Cash per Share	3.7	6.4	5.8	5.1	8.1	12.1
Revenue per Share	116.5	113.5	125.5	140.9	162.1	187.8
<b>Profitability ratios</b>						
Net Profit Margin (PAT/Net sales)	-2.1%	2.6%	-13.9%	-0.2%	2.8%	4.1%
Gross Profit / Net Sales	27.0%	31.7%	31.9%	33.7%	34.1%	34.6%
EBITDA / Net Sales	4.9%	3.5%	4.7%	7.1%	7.6%	8.2%
EBIT / Net Sales	2.8%	0.3%	1.1%	3.9%	4.6%	5.4%
ROCE (%)	3.8%	0.4%	1.9%	7.2%	9.1%	11.3%
<b>Activity ratios</b>						
Inventory Days	37.8	49.8	56.2	46.8	47.4	46.2
Debtor Days	23.8	27.9	35.7	38.0	38.4	37.6
Creditor Days	57.8	58.0	58.3	65.2	66.4	67.6
<b>Leverage ratios</b>						
Interest coverage	6.6	0.8	2.0	7.6	9.8	12.7
Debt / Asset	0.0	0.0	0.0	0.0	0.0	0.0
<b>Valuation ratios</b>						
EV / EBITDA	27.6	43.2	30.0	17.6	14.0	10.8
PE (x)	54.0	-11.5	-673.8	46.3	27.5	20.8

Source: Arianth Research, Company Filings

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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