ArihantCapital
Generating Wealth

Q1FY27 Result Update
5th August 2027

Greaves Cotton Ltd

Muted Margins, recovery expected ahead

CMP: INR 196

Rating: BUY

Target Price: INR 249

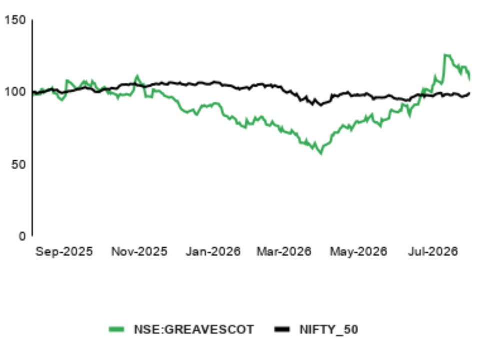
Stock Info	
BSE	501455
NSE	GREAVESCOT
Bloomberg	GRV IN
Reuters	GRVL.BO
Sector	Industrial Machinery
Face Value (INR)	2
Equity Capital (INR Mn)	465
Mkt Cap (INR Mn)	45,732
52w H/L (INR)	272/ 120
Avg Yearly Vol (in 000')	4,333

Shareholding Pattern %
(As on June, 2026)

Promoters	55.77
FII	1.35
DII	4.17
Public & Others	38.67

Stock Performance (%)	1m	6m	12m
Greaves Cotton	0.8	-3.9	-0.10
Nifty 50	-12.2	16.2	-6.4

Greaves Vs Nifty



abhishek.jain@arihantcapital.com
022 67114851

Ashvath Rajan
Ashvath.rajan@arihantcapital.com
022 67114870

Greaves Cotton Ltd(GCL) revenue stood at INR 9,741 Mn (+31% YoY/-2.6% QoQ), above our estimate of INR 8,461 Mn. EBITDA de-grew to INR 563 Mn (-1% YoY/-14% QoQ), missing our estimate of INR 604 Mn. EBITDA Margin de-grew to 5.8% (-186bps/-75 bps YoY/QoQ), below our estimate of 7.1%. PAT stood at INR 61 Mn (-71%/+179 YoY/ QoQ), below our estimate of INR 355 Mn. PAT margin stood at 0.6% (-217bps/41bps, YoY/QoQ) below our estimate of 4.2%. Revenue growth was driven by robust domestic demand across customer segments, while EBITDA margins were impacted by elevated commodity costs and strategic investments in growth initiatives and organizational capabilities.

Investment Rationale

Commodity Normalization and Cost Actions to Drive Margin Recovery: In Q1FY27 GCL witnessed contraction in margins commodity cost inflation following geopolitical tensions in West Asia along with strategic investments in talent, technology and organizational capabilities under the Greaves Next strategy. Management has initiated a structured cost optimization program, deferred non-essential spending and implemented price hikes to offset higher input costs. These measures are expected to begin supporting margins from Q2FY27, with the full benefit likely to be reflected in H2FY27. Commodity prices have already moderated from peak levels, and management expects the benefit to flow through over the coming quarters alongside pricing actions.

Energy Solutions a key Catalyst to growth: The Energy Solutions segment reported revenue of INR 2,030 Mn (+21% YoY) in Q1FY27 and contributed 29% of core business revenue, driven by 32% YoY growth in the domestic MHP genset business. Management expects Energy Solutions to emerge as a dominant contributor by FY30, supported by expansion into higher-capacity gensets (650 kVA and 1,250 kVA), integrated power solutions, export growth across Africa, SAARC and the Middle East and investments in BESS, AI-led predictive maintenance and multi-fuel technologies.
The Indian genset market is expected to grow at 9-11% CAGR over the next 5 years, driven by urbanisation, industrial expansion and persistent power reliability issues, especially in Tier 2, Tier 3, alongside and rural regions. The company has outperformed by nearly 2x the market growth, supported by a stronger domestic dealer network and a customer-centric operating model. Additionally, data centres and AI-led infrastructure has emerged as a growing demand segment following recent policy and budget announcements. With investments underway in advanced gensets and service capabilities, the company expects to capture both traditional infrastructure demand and newer high-value applications by foraying into BESS, supporting sustained revenue growth and margin expansion.

GEML expected to Breakeven by FY28: In Q1FY27, GEML Vahan volumes displayed growth of 101% YoY. Revenue for the segment reached INR 2,700 Mn, a 97% increase QoQ. GEML's electric two-wheeler (E2W) market share expanded to 5.6% in June 2026, up from 4.3% in FY26. The company holds market leadership in Bihar 19%+ and strong positions in Odisha, West Bengal, and Tamil Nadu. We believe incremental gains on market share with the launch of 2 new models (Magnus Neo & GMax). L5 Vahan volumes grew 39% YoY, GEML has expanded its financing ecosystem by partnering with AU Small Finance Bank and Hinduja Leyland Finance to improve customer access and affordability. We believe the E2&3W market share to increase gradually to double digits aided by its new launches and financing activities.

Outlook & Valuation

The company is expected to deliver ~20% revenue CAGR over FY26-29E, driven mainly by Energy Solutions, which continues to see robust domestic demand and strong growth in spares and services, and Mobility Solutions, supported by stable demand for ICE products alongside a gradual transition to alternative fuels and exports to Europe. While Industrial Solutions growth has been relative in less growing the near term, demand for critical applications such as firefighting, defence, and marine engines remains resilient, with new defence and European orders expected to support recovery over the medium term. The company plans to invest INR 5,000-7,000 Mn over the next few years largely towards R&D, fuel-agnostic engines, advanced gensets, manufacturing capabilities, and international expansion, all funded through strong internal cash generation as the balance sheet remains net-cash positive. With export markets opening up we remain optimistic of the % share of exports to increase especially with the foray of higher kVA gensets in newer geographies. **We maintain our BUY rating with a revised TP of INR 249 per share based on DCF; an upside of 27%.**

Exhibit 1: Financial Performance

Year-end March (INR Mn)	Net Sales	EBITDA	PAT	EPS (INR)	EBITDA Margin (%)	EV/EBITDA	P/E (x)
FY24	26,332	915	-3,673	-15.8	3.5%	39.9	-10.7
FY25	29,184	1,357	-63	-0.3	4.7%	27.7	-625.7
FY26	34,366	2,391	353	1.5	6.9%	16.7	63.1
FY27E	42,135	2,984	1,409	6.1	7.1%	13.5	26.9
FY28E	50,422	4,041	2,302	9.9	8.0%	10.3	19.7
FY29E	59,860	5,115	3,059	13.14	8.5%	10.3	19.7

Source: Arihant Research, Company Filings

Exhibit 2: Quarterly Performance

INR Mn (Consolidated)	Q1FY27	Q4FY26	Q1FY26	*Q-o-Q*	*Y-o-Y*
Net Sales	9741	10003	7454	-2.6%	30.7%
Material Cost	6973	6523	4836	6.9%	44.2%
Change in Inventory	-248	432	3	-157.4%	-8100.0%
Gross Profit	3016	3048	2615	-1.1%	15.3%
Gross Margin %	31.0%	30.5%	35.1%	*49bps*	*-412bps*
Employees benefits expense	1026	898	902	14.3%	13.7%
Other Expenses	1428	1469	1144	-2.8%	24.8%
EBITDA	563	682	569	-17.4%	-1.1%
EBITDA margin %	5.8%	6.8%	7.6%	*-104bps*	*-186bps*
Depreciation	282	277	266	1.9%	6.2%
EBIT	281	405	304	-30.6%	-7.5%
EBIT Margin %	2.9%	4.0%	4.1%	*-116bps*	*-119bps*
Other income	109	131	180	-16.5%	-39.4%
Finance costs	120	100	49	20.3%	146.6%
Exceptional Item	0	-160	-5	NA	NA
PBT	270	276	430	-2.2%	-37.2%
Tax-Total	209	254	222	-17.9%	-5.8%
Tax Rate (%) - Total	77.3%	92.0%	51.5%	-16.0%	50.0%
Reported Net Profit	61.30	22	209	178.6%	-70.6%
PAT Margin %	0.6%	0.2%	2.8%	186.1%	-77.5%
Adjusted PAT (excluding exceptional)	61	182	203	-66.3%	-69.8%
Reported EPS (INR)	1.11	0.97	1.42	14.4%	-21.8%

	Q1FY27	Q4FY26	Q1FY26	*Q-o-Q*	*Y-o-Y*
RMC/Sales (%)	69.04%	66.16%	68.94%	*287bps*	*9bps*
Employee exp/Sales (%)	10.53%	8.97%	12.10%	*155bps*	*-157bps*
Other exp/Sales (%)	14.66%	14.69%	15.35%	*-3bps*	*-69bps*
	Q1FY27	Q4FY26	Q1FY26	Q-o-Q	Y-o-Y
Engines	7053.10	6681.00	5004.90	5.6%	40.9%
Electric Mobility	2698.20	2257.30	1348.00	19.5%	100.2%
Cables & Control Levers	0.00	714.30	582.60	-100.0%	-100.0%
Others	140.70	494.40	518.80	-71.5%	-72.9%
Total	9890.49	10002.60	7454.30	-1.1%	32.7%

Source: Arihant Research, Company Filings

Greaves Cotton Ltd Q1 FY27 Key Concall Ltd
CMP: 202 | MCap: 47,929 Mn

Margin Guidance and Recovery Roadmap: Consolidated margins experienced a compression of 2% to 2.5% during the quarter. This was attributed to INR 150 Mn (estimated at 1.5%) in purposeful investments for Greaves.Next capabilities and rising commodity costs (platinum, aluminium, steel) following geopolitical tensions in West Asia.

Guidance for margin recovery:
• Short-term: Q2 FY27 is expected to be marginally better than Q1 as price increases catch up with inflation lags.
• Medium-term: H2 FY27 is projected to outperform H1, with the full benefits of cost-control programs and price actions becoming evident.
• Full-Year FY27: Despite Q1 pressures, the company stands by its original margin targets for the full fiscal year.

Greaves Electric Mobility (GEML) Profitability and Market Share View
• Profitability Guidance: Management expressed confidence that GEML will move into a positive EBITDA zone within the next 4 to 6 quarters.
• Market Share: Having exited June with a 5.6% market share, the company aims to reach a double-digit national market share within the next 4 to 8 quarters.
• Capital Runway: Following the successful INR 5,300 Mn rights issue (of which GCL contributed INR 3,310 Mn), management believes GEML has sufficient capital to cover both "burn" and growth investments for approximately the next two years.

New Frontiers and International Expansion Management highlighted several forward-looking initiatives designed to diversify revenue streams:
• BESS (Battery Energy Storage Systems): GCL has commissioned a pilot facility to develop capabilities in this emerging energy segment, aiming for a commercial market launch in subsequent quarters once energy-saving value is validated.

• **Defense and Data Centers:** The company successfully completed a large defense order for truck engines and is aggressively pursuing the high-growth AI data center market through strategic partnerships for larger kVA gensets.

Capital Allocation and Liquidity Position: GCL maintains a standard balance sheet held INR 4,500 Mn in cash. During Q1, the board approved significant investments:
• INR 3,310 Mn into Greaves Electric Mobility (GEML).
• INR 500 Mn into Greaves Finance Limited (GFL) to support its growing INR 5,600 Mn asset base as of June.
Management emphasized that there is sufficient cash at disposal to aid all organic growth aspirations for both core and investee businesses for the remainder of FY27**.**

Revenue Outlook: Management reiterated its long-term revenue outlook targeting a CAGR of 16%-20% over the next few years under the Greaves.Next framework. In Q1 FY27, the core businesses delivered INR 7,100 Mn in revenue, a 16% YoY increase, which adjusts to 19% when accounting for recent portfolio rationalization.
• Energy Solutions: This segment grew 21% YoY, driven by infrastructure and industrial demand. The medium horsepower Genset business (Vikas area) significantly outperformed with 32% YoY growth.
• Mobility Solutions: The segment recorded 18% YoY growth, bolstered by a 36% surge in the automotive engine business.
• Industrial Solutions: Adjusted for portfolio rationalization, this segment grew by 9%.

Overall Outlook: The company is actively executing its "Greaves.Next" strategy, focusing on transitioning into a future-ready engineering entity spanning Energy, Mobility, and Industrial Solutions. While margins faced temporary pressure from commodity inflation and purposeful investments, management has maintained its full-year guidance and remains confident to its long-term guidance.

Income statement (INR Mn)					
Year End-March	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Revenues	29,184	34,366	42,135	50,422	59,860
YoY (%)	10.8%	17.8%	22.6%	19.7%	18.7%
Adjusted COGS	**19,876**	**23,030**	**28,573**	**33,944**	**40,042**
Personnel/ Employee benefit expenses	3,253	3,745	4,445	5,331	6,328
Manufacturing & Other Expenses	4,699	5,200	6,277	7,460	8,796
Total Expenditure	**27,827**	**31,975**	**39,295**	**46,734**	**55,167**
EBITDA	**1,357**	**2,391**	**2,841**	**3,687**	**4,693**
EBITDA Margin (%)	4.7%	7.0%	6.7%	7.3%	7.8%
Depreciation	1,035	1,088	1,125	1,230	1,364
% of Gross Block	10.3%	9.7%	8.9%	8.6%	8.4%
EBIT	**322**	**1,303**	**1,716**	**2,457**	**3,329**
EBIT Margin (%)	1.1%	3.8%	4.1%	4.9%	5.6%
Interest Expenses	163	261	266	279	293
Non-operating/ Other income	547	500	494	591	701
PBT	**725**	**1,149**	**1,944**	**2,769**	**3,737**
Extra -ordinary	19	-393	0	0	0
PBT after ext-ord.	**744**	**756**	**1,944**	**2,769**	**3,737**
Tax-Total	788	796	640	725	986
Adj. Net Profit	**-63**	**353**	**1,304**	**2,043**	**2,752**
Reported Profit	**-63**	**353**	**1,304**	**2,043**	**2,752**
PAT Margin	-0.2%	1.0%	3.1%	4.1%	4.6%

Balance sheet					
Year-end March	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Sources of Funds					
Equity Share Capital	465	466	466	466	466
Reserves & Surplus/ Other Equity	15,388	14,674	15,513	17,090	19,376
Networth	**15,853**	**15,140**	**15,978**	**17,556**	**19,842**
Loan Funds	812	3,944	1,490	1,913	2,520
Other Liabilities	902	1,264	1,452	1,677	1,947
Total Liabilities	**25,516**	**28,938**	**29,419**	**33,691**	**38,871**
Total Funds Employed	**49,979**	**53,399**	**56,699**	**64,675**	**74,251**
Application of Funds					
Net Fixed Assets	**-316**	**-497**	**-297**	**-237**	**-177**
Capital WIP	497	297	237	177	117
Other non Current assets	2,063	2,176	2,230	2,286	2,344
Current assets	**14,557**	**17,372**	**17,247**	**20,795**	**25,057**
Inventory	3,355	3,143	4,381	6,041	7,119
Debtors	3,345	3,448	4,172	4,992	5,927
Other Current Assets	1,131	1,450	1,595	1,787	2,001
Cash and Cash equivalent	1,350	1,909	1,066	1,267	1,855
Current Liabilities/Provisions	**8,610**	**9,321**	**11,302**	**13,429**	**15,539**
Trade Payables	5,221	5,809	6,988	8,344	9,533
Liabilities	1,696	1,926	2,486	2,971	3,552
Net Current Assets	**5,947**	**8,051**	**5,945**	**7,366**	**9,518**
Total Asset	**25,516**	**28,938**	**29,419**	**33,691**	**38,871**
Total Capital Employed	**19,569**	**20,887**	**23,474**	**26,324**	**29,352**

Source: Arihant Research, Company Filings

Cash Flow Statement					
Year End-March	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Profit before tax	**-63**	**353**	**1,304**	**2,043**	**2,752**
Adjustments: Add					
Depreciation and amortisation	1,035	1,088	1,125	1,230	1,364
Interest adjustment	-384	-239	-228	-311	-408
Change in assets and liabilities	123	736	1,735	2,496	3,242
Inventories	-594	212	-1,237	-1,661	-1,078
Trade receivables	-981	-104	-724	-820	-934
Trade payables	1,361	588	1,180	1,356	1,189
Other Liabilities and provisions	140	188	585	511	610
Other Assets	-2,604	24	-392	-459	-503
Taxes	-102	69	0	0	0
Net cash from operating activities	**-2,657**	**1,712**	**1,146**	**1,423**	**2,525**
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-1,116	-1,488	-1,660	-1,880	-2,204
Net Sale/(Purchase) of investments	967	948	463	559	668
Others	1,896	-108	-52	-54	-56
Net cash (used) in investing activities	**1,747**	**-648**	**-1,249**	**-1,375**	**-1,593**
Interest expense	-527	2,238	-2,467	452	687
Equity raised	1.00	0.80	0.00	0.00	0.00
Other financing activities	-284	-102	-466	-466	-466
Net cash (used) in financing activities	**-214**	**2,554**	**-2,388**	**548**	**802**
Closing Balance	**2,017**	**5,635**	**3,145**	**3,741**	**5,475**

Key Ratios					
Year-end March	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Solvency Ratios					
Debt / Equity	0.0	0.2	0.0	0.0	0.0
Net Debt / Equity	-0.1	-0.2	-0.2	-0.2	-0.2
Debt / EBITDA	0.4	1.4	0.2	0.2	0.1
Current Ratio	1.7	1.9	1.5	1.5	1.6
DuPont Analysis					
Sales/Assets	1.1	1.2	1.4	1.5	1.5
Assets/Equity	1.6	1.9	1.8	1.9	2.0
RoE	-0.4%	2.3%	8.2%	11.6%	13.9%
Per share ratios					
Reported EPS	-0.3	1.5	5.6	8.8	11.8
Dividend per share	2.0	2.0	2.0	2.0	2.0
BV per share	68.2	65.0	68.6	75.4	85.2
Cash per Share	5.8	8.2	4.6	5.4	8.0
Revenue per Share	125.5	147.6	180.9	216.5	257.0
Profitability ratios					
Net Profit Margin (PAT/Net sales)	-0.2%	1.0%	3.1%	4.1%	4.6%
Gross Profit / Net Sales	31.9%	33.0%	32.2%	32.7%	33.1%
EBITDA / Net Sales	4.7%	7.0%	6.7%	7.3%	7.8%
EBIT / Net Sales	1.1%	3.8%	4.1%	4.9%	5.6%
ROCE (%)	1.9%	6.6%	9.5%	12.1%	14.3%
Activity ratios					
Inventory Days	56.2	51.5	48.7	46.8	47.4
Debtor Days	35.7	36.1	36.1	36.1	36.1
Creditor Days	58.3	63.4	62.9	62.9	61.9
Leverage ratios					
Interest coverage	2.0	5.0	6.4	8.8	11.4
Debt / Asset	0.0	0.1	0.0	0.0	0.0
Valuation ratios					
EV / EBITDA	32.4	18.0	15.1	11.5	8.6
PE (x)	-725.6	129.4	35.0	22.3	16.6

Source: Arihant Research, Company Filings

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park	
Building No. 10, 1st Floor	6 Lad Colony,
Andheri Ghatkopar Link Road	Y.N. Road,
Chakala, Andheri (E)	Indore - 452003, (M.P.)
Mumbai – 400093	Tel: (91-731) 4217100/101
Tel: (91-22) 42254800	CIN: L66120MP1992PLC007182

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%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	SMS: 'Arihant' to 56677	www.arihantcapital.com	instresearch@arihantcapital.com

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800

Disclaimer: This disclosure statement is provided in compliance with the SEBI Research Analyst Regulations, 2014. Arihant Capital Markets Limited (ACML) is a registered stockbroker, merchant banker, and research analyst under SEBI, and is also a Point of Presence with the Pension Fund Regulatory and Development Authority (PFRDA). ACML is registered with SEBI with Research Analyst Registration Number INH000002764, Stock Broker Registration Number INZ000180939, and is a Trading Member with NSE, BSE, MCX, NCDEX, and a Depository Participant with CDSL and NSDL.

ACML and its associates may have business relationships, including investment banking, with companies covered by its Investment Research Department. The analysts of ACML, and their associates, are prohibited from holding a financial interest in securities or derivatives of companies they cover, though they may hold stock in the companies they analyze. The recommendations provided by ACML's research team are based on technical and derivative analysis and may differ from fundamental research reports.

ACML confirms that neither it nor its associates have a financial interest or material conflict concerning the companies covered in the research report at the time of publication. Furthermore, ACML, its analysts, and their relatives have no ownership greater than 1% in the subject companies as of the month prior to publication. ACML guarantees that the compensation for its research analysts is not influenced by specific securities or transactions.

ACML affirms that neither the analyst nor the company has served as an officer, director, employee, or engaged in market-making activities for any of the subject companies. Additionally, the research report does not reflect any conflict of interest and is not influenced by specific recommendations made. Neither ACML nor its analysts have received compensation for investment banking or brokerage services from the subject companies in the last 12 months.

The views expressed in this report are those of the analysts and are independent of the proprietary trading desk of ACML, which operates separately to maintain an unbiased stance. Analysts comply with SEBI Regulations when offering recommendations or opinions through public media. The report is intended for informational purposes only and is not an offer or solicitation for the purchase or sale of securities.

This report, which is confidential, may not be reproduced or shared without written consent from ACML. It is based on publicly available data believed to be reliable but has not been independently verified, and no guarantees are made about its accuracy. All opinions and information contained in the report are subject to change without notice.
ACML disclaims liability for any losses resulting from reliance on this report. The report does not constitute an offer to buy or sell securities, and ACML is not responsible for the risks involved in investments. ACML and its affiliates may have positions in the securities discussed or hold other financial interests in them.

The distribution of this report in certain jurisdictions may be restricted by law, and the report is not intended for distribution where it would violate local laws. Investors are advised to consider their financial position, risk tolerance, and investment objectives before engaging in transactions, particularly in high-risk financial products such as derivatives.

ACML reserves the right to modify this disclosure statement without prior notice. The report has been prepared using publicly available information and internally developed data, though ACML does not guarantee its completeness or accuracy. Historical price data for securities can be accessed via official exchanges like NSE or BSE.
ACML and its affiliates may conduct proprietary transactions or investment banking services for the companies mentioned in this report. In compliance with SEBI regulations, ACML maintains comprehensive records of research reports, recommendations, and the rationale for those recommendations, which are preserved for at least five years. An annual compliance audit is conducted by a member of the ICAI or ICSI to ensure adherence to applicable regulations. This report is issued in accordance with applicable SEBI regulations and does not guarantee future performance or returns.

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800

Abhishek Jain
Head of Research
Abhishek.jain@arihantcapital.com

Abhishek Chhajed Jain
Digitally signed by Abhishek Chhajed Jain
Date: 2026.08.06 09:02:06 +05'30'