GREAVES
SINCE 1859

15th February, 2023

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, 2022

In furtherance to our intimations dated 1st February, 2023 and 9th February, 2023, please find enclosed herewith the Transcript of the quarterly earnings call for the quarter and nine months ended 31st December, 2022 held on Thursday, 9th February, 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

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Atindra Basu
General Counsel & Company Secretary

Encl.: a/a

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Greaves Cotton Limited

Q3 FY2023 Earnings Conference Call

February 09, 2023

Management Representatives:

Nagesh Basavanhalli – Executive Vice Chairman, GCL

Dr. Arup Basu – Managing Director, GCL

Dalpat Jain – Group CFO, GCL

Sanjay Behl – CEO and ED, GEMPL

Moderator: Ladies and Gentlemen, Good day and welcome to Greaves Cotton Limited's Q3 FY23 Earnings Conference Call. From the management, we have with us Mr. Nagesh Basavanhalli - Executive Vice Chairman, Mr. Dalpat Jain - Group CFO, Dr. Arup Basu - Managing Director, Greaves Cotton, Mr. Sanjay Behl – CEO and Executive Director, 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 touch tone phone. I now hand the conference over to Mr. Nagesh Basavanhalli, MD & Group CEO of Greaves Cotton Limited. Thank you and over to you Sir.

Nagesh Basavanhalli: Thank you, good afternoon, everybody. Thank you for taking the time. Good evening and welcome to the Q3 FY23 conference call. At the outset, as the industry and we as a company are transitioning from our metal-based engineering company to electric electronics, mechatronics type of a company. We are glad to announce that today we have signed a binding term sheet for the acquisition of Excel control Linkage Private Limited. One of the key players in the areas of mechanical and electronic motion control systems. The highlight of this acquisition is that it's a very profitable business. It offers complementary product portfolio with several different customer and industry segments. It fits in with the overall Greaves strategy of transitioning to the mechatronic and electronic capabilities. It's also helps us with our export and other opportunities for the future. While we get into the more details in the Q&A on this, we also would like to talk about other things that have happened in Q3 FY23.

We just concluded the auto Expo last month where Greaves electric mobility showcased 6 new products both in the 2-Wheeler and the 3-Wheeler. Greaves Cotton showcased the E-powertrain offering. All these products and innovation led by our in-house design engineering teams, bear testimony to our purposeful stride in terms of emerging as a stronger player in the last mile mobility ecosystem with forward-looking products and technologies.

In this past quarter, Greaves Cotton also partnered with a UK based design firm, ETA Green Power, to bring in exclusive technology in the electric power train. In the last couple of months, we also launched the "Har Gully electric" campaign for ampere at the Auto Expo, which has received overwhelming response. We have also announced the launch of Primus product this quarter. We are optimistic about the sustained growth with some of these new developments. We also see that the recent budget has been doing very encouraging when it comes to green growth as laid out in the recent budget of FY23. As India transitions towards a sustainable mobility, we continue to keep pushing a lot of new products and areas of the company is focused on both in GCL and in GEM. With that, let me hand it over to the CFO to discuss the Q3 FY23 financials. Happy to take the calls at the end.

Dalpat Jain: Thank you Nagesh. Good afternoon, everyone. I'm sure you would have got the financial results for Q3 FY23. Just few key highlights. If you look at the consolidated revenue of the group, we reported total revenue of Rs. 514 crores, which is 6% higher than the same quarter of previous year but lower than the sequential the Q2 FY23 and main reason being like we had spoken about it in the previous quarter in the electric mobility, particularly for 2-Wheelers. With the new guidelines on AIS 156 for the battery. The products were made according to the new guidelines and by the time the production restarted we had to recalibrate or strategically halt the production during the quarter so that impact impacted the primary revenue. Which will be made-up as we go in the subsequent quarters.

So, if you look at the breakup of consolidated revenue of Rs. 514 crores, Rs. 365 crores came from standalone business and Rs. 142 crores were the consolidated revenue of Electric Mobility. The good news is as I was mentioning with the production restarting, in the month of January itself Company has done in the electric mobility the same revenue that we did in the entire quarter of Q3 FY23, complete dispatched close to 14,500 vehicles in the month of January itself. The secondary volume continued to remain strong in the quarter three and as we go forward overall with the new launches that are planned, we expect strong momentum in our e-mobility volumes and revenue.

Overall, at EBITDA level if you look at the core business, the margins continue to improve. The commodity cycle is helping with the overall prices coming down. The raw material cost for standalone business was less than 70% and EBITDA margins have moved back to double digit. We happy to report 10.7% EBITDA margin at standalone level during the quarter. In Greaves electric mobility business, because of lower revenue and the fixed cost which are already built for the higher volume and business, we had a loss at PBT level. The expenses also included a onetime cost of Rs. 8 crores for a particular share-based payment and during the quarter. So overall at electric mobility level, we had a negative PBT of Rs. (28) crores. At a consolidated level, positive EBITDA of around Rs. 10 crores on recurring basis and standalone EBITDA was Rs. 39 crores, which is 10.7%.

Company's Balance sheet continues to remain strong. We had a total cash and cash equivalents of Rs. 1,171 crores at the consolidated level and with the binding term sheet that has got signed for acquisition of 100% stake in Excel Controlling case in 4 tranches. We will be using some part of our internal accruals and free cash. Positive thing is the target company is highly profitable with normalized EBITDA margins of more than 28% and with the significant scope for growth in the push pull cable segments where they operate. With that I will be happy to take questions. We can open the floor for questions please.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Ashutosh Tiwari from Equirus Securities, please go ahead.

Ashutosh Tiwari: Firstly on this Excel control linkage acquisition, can throw more light in terms of where we basically it gives us synergy benefit and which kind of customers we can target with this ?Its a profitable business that we have seen in the PPT, but where it fits in our Kind of business.

Nagesh Basavanhalli: So clearly they are in the business of push pull cables. They are in the area of levers, steering and transmission systems, electronic throttle, levers and pedals. we are in the higher margin segments which include the basically the commercial vehicles, construction equipment, Marines, SPV, etc. Roughly 30% of their business comes from international and 70% is from domestic. Obviously they are dealing with most of the auto majors in the country. I'm talking from a commercial vehicle standpoint, maybe with the exception of 1 MNC. So there is obviously B2B synergies, there is supply chain synergies its incremental product because also going forward there will be a lot of work in the areas sensors and the sensors which will go into both traditional engines as well as electric vehicles. So when you look at that, the product portfolio is vast, industry segments that they operate is quite immense, and then the opportunity to kind of have headroom is quite significant.

Ashutosh Tiwari: And they make their own sensors. Or how it is?

Arup Basu: There is a common set of customers in terms of the segments that we both play in in terms of auto, industrial, agree marine and so on. The sensors are the electronic version of the motion control. You have push pull cable, rods and electronic sensors. These are the three large types, and while the majority of the product portfolio is in the cable construct, there is work already underway to move to sensors as and where applicable, and that's another point of synergies because this is one application of sensors in terms of motion control. Its applied to a very large segment of applications, including any prime mover requires it.

Ashutosh Tiwari: If you look at the PPT, this company has grown very fast for the last three years Rs. 100 to Rs.167 crores. So why promoters are willing to sell and what drove this strong growth over the last three years and how do you see the scale up of this?

Nagesh Basavanhalli: Yeah, so I take the first couple of questions Ashutosh. The promoters obviously it's it was part of their planned exit. They have been in the system for a while. There was a succession planning issue, and they wanted a bigger, stronger group to come in and take over and the business. So, it was part of their planned exit strategy. In terms of the growth you're right, If you look at the last three years CAGR, it's roughly about 22% and they have put in the Capex investments back in 2019 which really puts them in good stead that kind of gets them ready for the next couple of years. They have deep relationships with OEM's. They get engaged very earlier on in the process and this business has been built over decades and in terms of cost, ownership, profitability, very strong focus on that. So, a lot of cultural alignment, sectoral diversification, geography diversification and obviously they have 5 small plants in and around a Nagpur area and hence that was the rationale behind it.

Dalpat Jain: And mainly the growth has been from export segment as well as the overall recovery in the auto that we have seen and that has also led to the fast growth and their products are mainly proprietary technology, so to that extent once they have gone into the OEM's design overall, that continues to remain as the only product available as the option there.

Ashutosh Tiwari: Secondly on this EV side, while the primary sales is very strong in January, is it also reflecting the secondary sales that we're seeing now that that also is on similar lines?

Sanjay Behl: I think primary was very strong obviously as the numbers as Dalpat said have been already crossed the entire quarter. Secondary sales is picking up, the first fortnight of January given the inauspicious period, as you know, most parts of the country was a little Laquan, but we have seen very good response in the last two weeks of January. So currently we are trending at almost festivity kind of highs in the last about three to four weeks. So last fortnight of January very good, first fortnight of February again a little modest, but picking up now and we're very hopeful that our secondary's are going to be significantly better than the last quarter.

Ashutosh Tiwari: And how would this AIS 156 transition fully after April, how will that impact the cost for this?. How much cost increasingly required to pass on the full impact?

Sanjay Behl: We've already absorbed the cost. Most of the cost has already been absorbed in areas phase one. The ranges from player to player between anywhere between Rs. 2,500 to Rs. 3,000 which is fair, but more importantly, the transition has happened successfully for all the products of Ampere, whether it's Magnus EX or Zeal EX or Zeal EA the three products on the road today. All of them are fully compliant with AIS 156 and fully compliant on FAME norms, So they are all compliant and there is a marginal cost which has already been absorbed in the product.

Moderator: Thank you. The next question is from the line of Dhananjay Mishra from Sunidhi Securities. Please go ahead.

Dhananjay Mishra: So just the extension of last question. So when we will be implementing the phase-II of the battery standard. So again our primary sale will be impacted maybe in April?

Sanjay Behl: So just to add on to the last one, also part of the cost is also getting neutralized by the price increase that we have taken across our portfolio. So, I think that part is there. Coming to your AIS phase-II question, we are currently in a preparation mode, already for our transition to phase-II. The cutoff is 31st of March. So, we are getting ready for almost all the product line that we have to transition seamlessly without any hiccup in primary sales. That's the current readiness that we are working towards. So, we don't anticipate any major disruption at this point of time.

Dhananjay Mishra: OK, so 10,000 monthly sales can be assumed for the subsequent month.

Sanjay Behl: Yeah, it's a hypothetical speculative thing. We won't say that, but yes, in the current, this thing is that we should have a seamless transition from AIS phase-I to phase-II.

Dhananjay Mishra: And secondly, in terms of subsidy release, where we have placed. I mean anything we are hearing from government when they're going to release subsidy?

Sanjay Behl: We're working with the government. I think we have given all the requirements that the government authorities have asked from us and we are working actively with the government to get it released.

Dhananjay Mishra: OK, and lastly on this acquisition. This EV is the enterprise value of Rs. 385 crore we have paid that is for the entire 100% or this is for 60%?

Dalpat Jain: That's correct. So, the 100% of the enterprise value will be kept at Rs. 385 crore, that's the maximum value which we can determine basis the actually EBITDA of FY23 and they are on the path to cross Rs. 50 crores of EBITDA, so that's where the final value will come out. For 60% we will pay if the final value comes to be Rs. 385 crore, then we will pay Rs. 231 crore the 60%, which is the tranche one, and then tranche 2, tranche 3 and tranche 4 will get determined at the end of FY24, FY25 and FY26.

Dhananjay Mishra: And when do you expect this tranche one to be completed?

Dalpat Jain: So basically that's the Rs.385 crore for 100%. For 60% it will be maximum of Rs. 231 crore depending on the final EBITDA determination of FY23 and the remaining time and the closing expected is by April 2023 for the first part of the tranche fund payment, and the second tranche of the part one payment will get completed by August 2023.

Dhananjay Mishra: So FY24 we will have fully impact of this consolation in our Penal, right?

Dalpat Jain: That's correct of the state that we are subject to obviously, the definitive documents on the and the other regulatory approvals in FY24, we should have the full consolidation effect of the 60% stake that we will have.

Moderator: Thank you. The next question is in the line of Jiten Parmar from Aurum Capital. Please go ahead.

Jiten Parmar: My question is also on 3-wheelers. What is the situation there?

Dalpat Jain: So basically, in terms of the overall revenue and the market part of the MLR plus best way.

Sanjay Behl: So we've been steadily improving on 3-wheeler both in L3 and L5 segment that we have. Last quarter, we have actually done the highest ever L5 volumes and also continue to improve our position or sustain our position of a very good quarter two that we registered so almost the same number we repeated despite the market. Some slowdown was there in L3 in quarter three. We were able to hold to our volumes there and grow significantly in L5. So, that would be the broad contours there. We are increasing in number of active dealers. The financing partner is also improving every month. So overall, if you look at all the enablers whether it is in terms of product, getting more accepted in the market, the number of dealers who are engaged with us, the financing partners, overall, the ecosystem is coming together and we are very confident and We'll continue to see higher growth in the coming quarters in 3-wheeler.

Jiten Parmar: OK, and my second question is regarding the volumes for EV's, which were very low in November and December, or rather for the whole quarter. Is it because of the AIS phase-I transition or what is the reason that?

Sanjay Behl: In fact. It's a quarter that you need to see it from the right perspective. I would say because in terms of secondary's and Vahan registration it was the highest ever quarter of Greaves, which is the reason the primary billing was low on account of what I think was already mentioned in the context and also repeated by Dalpat which is the switch over from AIS 1.6 phase-I which happened on 1st of December. So we had to do a transition from a pre AIS vehicles to the post AIS vehicle and hence we had to do a lot of liquidation of the pre AIS stock. So we have to work with that as one of the transitions imperatives during the quarter for which the billing was lower. But in terms of secondary sales if you see, it was one of the highest quarters and even in Vahan registrations, if you would have seen we crossed 27,000 registrations, and in fact as the highest ever market share recorded by Ampere was in the month of November which crossed 16% market shares of electric vehicle, which is a reflection that the market acceptability of the brand, product, everything continued to be extremely high, only improved during the last quarter. It is only the transition related to billing.

Dalpat Jain: And that also got again filled in the month of January. So, January 7 months to the quarters volume completely.

Jatin Parmar: So, I think there will be probably low inventory at the dealer fronts and all that.

Dalpat Jain: Correct

Moderator: Thank you. The next question is on the line of Anand Venugopal from BMSPL Capital. Please go ahead.

Anand Venugopal: So my question is, there's a lot of pessimism in the 3-wheeler industry in India and we realize It's the essential part of transport system. Do you think the market is underestimating the power of Next upcycle in 3-wheeler industry? Can we see higher volumes in the next up cycle versus the previous up cycle?

Nagesh Basavanhalli: 'When you look at the 3-wheeler industry, moving people and moving cargo. The passenger and cargo. As a general group advantage because not only we supply engine to a series of automakers on one hand, but from our life cycle value extraction. We supply 3-wheelers both L3 and L5, L3 at the lower end and L5. Sanjay already alluded the kind of where we are, but if I take a step back the industry size, basically L3 and L5 is more or less when you look at the monthly sales and the trending annual sales is more or less the same. L3 has been growing significantly, L5 has been significantly impacted during the basically the 3-wheeler traditional business, which was significantly impacted during the COVID era is recovering. Totally the industry size is about roughly 700,000, when you add up both L3 and L5. We believe in terms of moving people, moving cargo and opportunity for a fuel agnostic way wherein we are available in diesel engine and in CNG engines on the Greaves side. We are available in L3 and 3-wheeler L5 segment. so we got that industry segment covered and we are seeing the positive trend of that industry moving back. It's obviously not fully recovered from the pre-COVID era on the L5 area but definitely it's moving in the right direction and I think long term, this will be a strong area especially.

Moderator: Thank you. The next question is from the line of Rohit Bahirwani from Vijit Global Securities Pvt Ltd. Please go ahead.

Rohit Bahirwani: Now if you look at the subsidies, it was around Rs. 116 crore as on 31st March 2022. How much subsidies are receivable as on 31st December 22 and how are you looking at the subsidies in the future?

Dalpat Jain: So Rohit in terms of the absolute amount the receivable subsidy has now gone above Rs. 225 crores. So that's the total receivable subsidy from the government because last five months they have been asking for the details and processing that. In terms of the status, they already spoke about it to the agencies, all the details have been provided and companies working with government to get that released as soon as possible.

Rohit Bahirwani: OK, and my other question is with related to auto EV Mart Company has 2 stores of Auto EV Mart in Bangalore and Thiruvananthapuram respectively. How much revenue contribution is there from Auto EV Mart and company sells the products of different brands, so do you book the sales in your accounts or is this the incentives and commissions? Can you explain a bit from that?

Dalpat Jain: So overall in terms of the financial numbers of the sales that we do for the OE's is on principal to principal relationship. So basically the entire sales gets recorded. In terms of the contribution in the Greaves standalone revenue and the consolidated revenue, it is less than 3% right now of the total vehicle sales.

Moderator: Thank you, the next question is from the line of Subrata Sarkar from Mount Intra Finance. Please go ahead.

Subrata Sarkar: I have a very basic question since my understanding is a little bit limited. So like if I want to track the primary and secondary monthly sales for your company in terms of EV. I'm talking about 2-wheeler and 3-wheeler. What is the basic source to check it? and just another request like I have checked that we are not disclosing the monthly data. Basically like several others or traditional auto company or two Wheeler Company does. So is there any specific reason for that? So if you explain a little bit.

Dalpat Jain: So Subrata 2 parts of your question, One in terms of the secondary sale, so for secondary sale there is a database with Vahan. So Vahan Portal gives you data of the registered vehicles. Obviously there are certain anomalies in the sense of time gap, because from the time the vehicles are actually sold to the customer and till the time it is registered to that extent the Vahan database updating take gets delayed. Loan portal being the source for the secondary sales and subject to certain things which are like couple of states are not covered and the second, registration may take little time from their point then that to secondary sales happen. So to that extent, that Vahan data can be readjusted and you can have a monthly out the live data about how many vehicles have got in the secondary market. About the primary data, we disclosed that on a quarterly basis, so that's the information available in our investor presentations for every quarter. Talking about monthly, we don't do that because we believe in getting the volume data audited, certified and then disclosing that. So to that extent, their internal view from compliance is slightly different On disclosure of it, and that's where we disclose it on a quarterly basis and volumes are available in our investor presentations since the time company started selling electric vehicles.

Subrata Sarkar: Another very basic question like with our existing capacity, existing plan, what is our optimal capacity like how much we can go in terms of both 2-wheeler and 3-wheeler?

Dalpat Jain: So on 2-wheelers as we have our mega site at Ranipet. It's a 35 acre plant. The entire break and motor can go up to 1 million unit capacity. Right now, the production capacity that we have installed is 50,000 per annum in a single shift. With multiple shifts, the capacity can go up to 450,000 per annum. So that's the installed capacity on 2-wheeler. On 3-wheelers between both L3 and L5, L3 has closed or on 3,000 vehicles per month and similarly L5 also is around the same number In terms of installed capacity.

Moderator: Thank you, thank you. We have the next question from the line of Rohit Bahirwani from Vijit Global Securities Pvt Ltd. Please go ahead.

Rohit Bahirwani: I had one question with respect to the secondary sales for Electric 2-wheeler. If we look at Vahan Portal, there are two data lines available, one for Ampere and another named Greaves Electric Mobility private limited. I understand the first one is for Ampere brand, what's the other one for?

Dalpat Jain: So both are the same one. I think when the company registered name got changed from Ampere vehicles to Greaves electric mobility. So to that extent, the registration data when they're happening under two names that the data what is getting reflected over there. But from company point of view, both of them together is what you need to see as the total volumes both are for Ampere branded vehicles only.

Rohit Bahirwani: OK and with respect to battery, are you sourcing the batteries from Indian OEM or are you importing from outside? The lithium-ion battery.

Sanjay Behl: All the batteries assemblers are Indian. All the batteries are imported but all the batteries are assembled by Indian suppliers for us.

Moderator: Thank you. The next question is from the line of Aniket Mhatre from HDFC Securities. Please go ahead.

Aniket Mhatre: So we did understand why your sales went down in Q3 FY23. But what I fail to understand is why your secondary sales have declined in January. Could you please explain that?

Dalpat Jain: While the primary sales were on hold, that's where the inventory at the dealer level got reduced.

Sanjay Behl: There is a Vahan registration number which has a lag with secondary sales. Because when you sell it to the customer, customer then either through a dealer or through some, directly goes to an RTO to register. Registration depending on the state can happen the same day or can get delayed by 45 days in some States and all the registrations don't get accounted for in Vahan portal there. So the number that you're seeing for January is a number of registrations which happened in January, which would have some lag of a December really getting impacted then. But the real number to really look at January would be with some kind of an assumption on going forward. Now, as I said, secondaries did pick up significantly over dissent up, so the secondary sale of the company is significantly ahead of December for January and for February 1st few days head of January. So there is a pickup there, you will see the registrations, picking up with a bit of a lag. Already see the first nine days of February, if you look at Vahan, our numbers have shot up in terms of registration.

Aniket Mhatre: Sure, and one follow up on the AIS phase-II that is coming up from April. What kind of price increase do we anticipate for the industry post that?

Sanjay Behl: Currently working on that, I think the price discovery is yet being worked upon and I think the whole level or the equilibrium will shift towards the upper because all the players across the industry will get impacted almost equally and hence we will see some shift in the price up. So from basic margin point of view I don't think there is going to be much change from March to April and I think most of this price is in the region that it can be passed on to the consumer largely. So that's what it will be. But the real price discovery one will be able to actually share during the next quarter call, when it's fully discovered.

Aniket Mhatre: Suffice to say that it's likely to be higher than the phase-I ?

Sanjay Behl: Yes, it will be. There will be some impact because there are additional requirements that are required in terms of the sensors and the battery, the thumb, the porting of the battery needs to be done. There could be some engineering changes that may also be required depending on what material are we using. So yes, there is going to be some impact but it's not an impact which cannot be partly, I think the industry will passed on to the customer and maybe some part can be absorbed. But mostly I think it can be passed on.

Aniket Mhatre: Understood and just one final clarification, we confirm that we'll be able to comply with the AIS phase-II standards, right? Because earlier I think there were issues that the timing is too short. Would we be able to comply within the given time frame?

Sanjay Behl: Ampere was the first electric vehicle to actually get a certification for AIS 156 phase-I, well in November, much before the deadline really happened and even in phase-II, we currently with the visibility we have we are working for both component and vehicle levels certification and our visibility suggests that we will be well on time in terms of switchover.

Moderator: Thank you. The next question is from the line of Gaurav Gupta as an individual investor, please go ahead.

Gaurav Gupta: So I think just a follow-up question. One of the participants also asked based on the response on that question, like the other 2-wheeler companies which are listed or the traditional 2-wheeler companies to disclose the numbers that what is the kind of numbers they have sold it out in the previous months. We are not putting up that number in the Stock Exchange filing. That is the first question from my side and the second when we see our comparative analysis visa vis the other players, whether it is a traditional one like the TVS motors or the one which are similar to us like the Ola or the Ether. It seems that somewhere in the last couple of months post i think October and November, we are not up to that mark in terms of selling our product. So is it something from a technical point of view, product capability point of view? because of which our product are not that much hitting the market or it is something else that we as a investors are missing?

Dalpat Jain: So one in terms of December secondary sales, like Sanjay already mentioned, October and November were highest ever for Greaves electric mobility and December due to AIS 156 Company had calibrated its production and then the new vehicles which had to be manufactured and sold. There was a process of entire ARAI certification fame-II certification which got completed before the regulatory date and once the homologation was completed, after that, the complete restarted production and then the inventory started going back in the market. Sales is happening, once the registration gets completed, the data started getting reflected back in the secondary. So if you see now the last two weeks again the momentum has gone back to the levels what it was in October - November, so that first part in terms of secondary sale number that you are seeing in the Vahan portal on December Month and some part of. January month. Now the first point in terms of disclosure, we gave quarterly volume data every quarter on the in the investor presentation. On monthly, because secondary data is already available from the Vahan part or our view from our compliance team is to give the audited volume data, which is what we give on a quarterly basis.

Gaurav Gupta: If I see that on an overall basis, including the traditional 2-wheelers as well as the startups like us, overall the market seems to be consolidated among overall eight players right from Ola, TVS, Ather, Hero Electric, Okinawa, Bajaj and Hero motors, right and for sure out of these eight, what would be our strategy? We would like to be in top 3 in top 5 or at the bottom of this in the maybe 2 – 3 years down the line. Because as of now I think we are somewhere around either at the 5th number or 6th number?

Nagesh Basavanhalli: Let me start. I think if you look at the registrations and year to date number like Sanjay was saying earlier, we have been roughly at about 13+ % year to date from a market share and we have been consistent. barring that December - January when the AIS Phase-Implementation, look at the trend over the last 24 months and again there was a dip when we were significantly involved in localization about 12 to 18 months ago and then now with the AIS there are short term blips but overall, we have been in double digit market. Point no 2 is we believe we were one of the early movers into this, we saw this opportunity ahead of a lot of people or most of the people and Ampere product, especially the Magnus is very well established. We got supply chain, we got local manufacturing in place and we got a great team in place. So when you look at it, we believe we are looking at and in general from unit economics, we have a profitable venture in general when if you look at even up to Q2 FY23. So when you look at all of these data points, I think we are trying to optimize both market share growth and a viable growth. So basically, how do you drive the growth, how do you get after new customers we were operating in that sweet spot of that 80,000 to 1,00,000 in the meat of the market and that's kind of where we believe our strength has been, and we will continue to play to our strategy and to our strengths.

Sanjay Behl: Just to add on just some specifics here. Look, YTD December if you see, last year we were not no. 5 as you said, we were no. 3 here. We were the 13.2% share with exiting with November at 16.3% as the no. 2 player. This is just a month before the changeover happened and then the reasons of this switchover is all that we have shared already with you, which is December and January, and how the sale is now going to pick up as we go. So one is just wanted to correct because you said we somewhere in the staff of 8 you will be no. 5 current in we were no. 2 in November with no. 3 YTD. So that is one small correction. I just wanted to make. The second point is we just unveiled the portfolio and that should be a very good because your question was on strategy in two years and in Auto Expo, when we unveiled our products, I think that was a reflection of our strategy and action where we actually improved the addressable market for our products from 1 and 3 to 3 and 4, almost from a little above 30% to almost 75%. With all the new products, the 3 new products that we introduced, whether it was Primus where the bookings have already started now. We talked about two other products, one the NXG for discerning millennials and one for the gig worker, last mile mobility which was NXU. So, with more products moving from one over the next course of the two years that you talked about and with already with one product as Nagesh said, very successful Magnus being no. 3 in the industry. We stay very strong in terms of our leadership position going forward.

Gaurav Gupta: Fine and very encouraging to hear about that as well. So that's why I just thought out to get an understanding as an investor that going forward in next two to three years, so I really appreciate that we were having somewhere around 14 - 15 or near about in double digit market share till October – November and you are correctly on that that we were either number two or three, but recently only we slipped to this 4th or 5th number or maybe 6th number because of the competitiveness of the industry, like Ola becoming very, very aggressive, TV S becoming very aggressive and the same goes with the Ather as well. So that's why going forward, if coming and analyzing this entire pack of eight players, where do you see yourself in the top three in the top five or at the bottom, in the last four, maybe so as a strategy, because like we have a strategy as a company, our competitors would be having the same kind of a strategy as well to expand the market share to gain market share, and so and so forth.

Sanjay Behl: So, clearly we are looking for market leadership here. No strategy is going to be at the bottom of the pack clearly. The second point I think, which is a very important point. I hope you picked up which Nagesh made was the profitable leadership and not just leadership at any cost, so that will be a pivotal philosophy with which we will drive our electric mobility business. We are going to go for profitable leadership and clearly we would be amongst the top players when it comes in about two to three years' time in terms of profitable paths towards the leadership. There are a few other elements which I did not talk about given the time, but very clearly there is a brand identity also which again the opening addressed which Nagesh said, which is the change that you see from the earlier Pre-December era to now "Har Gali Electric" the whole new identity of the campaign, the announcement that we made of launching a 50 brand experience stores over the course of next 12 months, increasing our overall brand stickiness awareness and preference. All this will actually build up apart from the new products and addressable market. Our position towards our leadership and then on top of it if you've been monitoring and as you said, very closely, watching our progress, our dealer strength, our quality, our after sales service network strength has increased dramatically. The start of the year. It was about 220 odd active dealers, we are now touching close to 400. It's almost doubled and then this massive advantage that only we have amongst the pack of eight that you talked about which is one Greaves where which brings in Greaves Retail ,Greaves Finance, Greaves Care and this extensive ecosystem that only we can talk about amongst the eight players that you that you see in the list today. So, I think all these things give us confidence that if we can bring all these together, we're on the right path of profitable leadership.

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

Jyoti Singh: My question is on the acquisition side, they're doing 28% EBITDA margin and as after we done the acquisition. So, what level we will be on the margin side?

Dalpat Jain: If you look at Greaves standalone, we are at 10.7% in Q3 FY23 and if you add hypothetically, let's say the current revenue run rate, they are at around Rs. 40 crores or RS. 45 crores of quarter. If I add that revenue and I add the EBITDA margin, the consolidated margin for quarter three would have been 12.8% - 12.9%.

Jyoti Singh: OK, and going forward, what is the growth rate that we are targeting?

Dalpat Jain: You are asking for Excel control linkage?

Jyoti Singh: No, overall, as a company for Greaves.

Dalpat Jain: As you know, we don't give formal forward guidance but having said that, I'm sure you're monitoring the kind of numbers what's happening in the standalone business, and that's quite predictable with the overall things in the 3-wheeler improving, the price parity between CNG and diesel going more in favor of diesel. The volumes are expected to increase on the 3-wheeler Auto form side. In non-auto side with the profitability, focus and profitability improving now, we are expecting better growth than what we have seen in the past and raw material prices going down august well for overall profitability of the company. The Excel control linkage will add another Rs. 200 - Rs. 250 crores on top of the existing top line of the company.

Jyoti Singh: How is the inquiry level we are seeing for the new launches that we have done in the auto Expo?

Sanjay Behl: We had early days of booking there. We've got excellent response across the country. We have over 1,000, I think numbers already registered since we just started a few days back and the number of leads I'm not talking, I'm talking about paid bookings there, which has already started happening. So yes, that product we will see rollout as we committed in this quarter itself and that the early response and the bookings which we have to go by is got very encouraging initial feedback.

Moderator: Thank you. Next question is from the line of Ashutosh Tiwari from Equirus Securities. Please go ahead.

Ashutosh Tiwari: So, we have mentioned that we'll be launching this mechanical BS6 for 3-wheelers. So how would the cost come down with that compared to the current engine that we have?

Dalpat Jain: So, the G-435 our older version which is now launched with BS6 compliant norms and that has been launched in the market. The price difference is almost 15% between the electric version and the mechanical version and in terms of margins it's almost 300 basis points higher for the company.

Ashutosh Tiwari: Ok so our customer accepting it like say will it is volume for this product increase going there?

Dalpat Jain: Yes, the initial response has been good. So G-435 the clients who have taken out of the four or five major OEMs we have, couple of OEMs started with G-435 and they have in market share growth on a relative basis overall and the initial response of G-435has been good in the market so talk about PVPL talk about Atul etc. their market share has grown with G-435.

Ashutosh Tiwari: And secondly on non-auto engine side the volumes have been dwindled last two quarter. How do you see this this segment doing going there?

Arup Basu: In non-auto we are really focusing on getting a better quality of EBITDA and there are also impending regulatory changes. So this is a bit of a gray field and time will tell how the demand pans out because there's a fair amount of clarity that users are wanting to understand for certain applications in terms of the regulations that are there. The other dimension that is also going to affect the non-auto side is the fuel choices in terms of the blend portfolio fuels that are going to be in demand going forward. Our focus will remain on profitable growth and we should see that improving.

Ashutosh Tiwari: But which industry applications we are targeting more republic growth can come. I wanted to mention that perspective?

Dalpat Jain: Mainly there are four segments in the non-auto. One is the power solutions where we have gensets and also the industrial engines which we are giving to some of the large customer and that's the segment we are focused on the recent past has been on improving the margin. Still volumes continue to be in the growth phase the growth could have been higher, but we are intentionally ensuring that margins improved in this particular segment. The second segment, which is the non-auto small engines and the farm equipment, in farm equipment as we had mentioned earlier because of China import dependency which has now got replaced with the tie up with the Indian manufacturers. In Q3 FY23, you would have seen the volumes started moving up compared to Q2 FY23, and that's the one area where we are going to see the growth coming back. So, farm equipment used to be healthy volume close to around 10,000 to 15,000 a quarter minimum, so that's one area where we see significant growth coming back with the Indian tie ups and the government registration part being taken care of.

Ashutosh Tiwari: And lastly, on the subsidy part, which is due from government, we are now cleared in terms of all the regulatory things which are pending like we got all the approvals in place. right? it's only that I want to come anytime or there's something remaining over there. It does appear.

Dalpat Jain: In terms of development, as we went into the new product. The Magnus and with the AIS 156 Phase-I, the new primers which is also on the certification. So, we have got all the required certificates including the FAME-II permission and the compliance certificate from the government. You would have seen our vehicles are allowed to claim subsidy and pass it on to the customer, so that part is clear from the government side. And as late as in the December when we went with the AIS 156 compliant vehicle home location, that again certification came from the government. All the questions details that they had asked, all of them have been submitted they had appointed agencies. All the details have gone to them, including of the past. Now it's a question about they taking the final decision and which is common for majority of the industry players under various parameters. What they are examining and then start releasing the money.

Ashutosh Tiwari: So next 2-3 months that the amount should come to us.

Dalpat Jain: We all are closely hoping and monitoring that because that's a significant thing for the entire industry over there. So, players like us who have been large enough in the size we are able to sail to this time but there are many small players who are dying and there is enough of responsibility on the government also to clear this particular part as soon as possible.

Moderator: Thank you. Ladies and gentlemen, that would be your last question for today. I now hand the conference over to Mr. Nagesh Basavanhalli for closing comments. Thank you and over to you.

Nagesh Basavanhalli: Thank you all for attending and thank you for the insightful questions. As always, management team is available If you have any questions, you can reach out over the next several days. Thank you again for your time and attention. Have a great day.

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