



21st November, 2022

The Manager - Listing
BSE Limited
BSE Code - 501455

The Manager - Listing
National Stock Exchange of India Limited
NSE Code - GREAVESCOT

Dear Sir/Madam,

**Sub: Transcript of the quarterly earnings call for the quarter and half year ended
30th September, 2022**

In furtherance to our intimations dated 8th November, 2022 and 14th November, 2022, please find enclosed herewith the Transcript of the quarterly earnings call for the quarter and half year ended 30th September, 2022 held on Tuesday, 15th November, 2022.

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 Basu
General Counsel & Company Secretary

Encl.: a/a

GREAVES COTTON LIMITED

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Greaves Cotton Limited

Q2 FY2023 Earnings Conference Call

November 15, 2022

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 morning and welcome to the Greaves Cotton Limited Q2 FY2023 Earnings Conference Call. From the management we have with us Nagesh Basavanhalli – Executive Vice Chairman, Mr. Dalpat Jain – Group CFO, Dr Arup Basu, Greaves Cotton, Mr. Sanjay Behl, CEO and Executive Director of Greaves Electric Mobility. 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 an operator by pressing “*” then “0” on your touchtone phone. I would now like to hand the conference over to Mr. Nagesh Basavanhalli – Executive Vice Chairman, Greaves Cotton. Thank you, and over to you, sir. Ladies and gentlemen please stay connected the management has got disconnected. Ladies and gentlemen we have the management reconnected over to you.

Nagesh Basavanhalli: Good morning everybody. Thanks for taking the time. We welcome you all to our quarterly conference call for the period ending Q2 FY2023. As we are all aware, the Indian economy post COVID and recent festivities, sales are improving, consumer sentiment seems to be headed in the right direction. In spite of the global overhang of potential issues in the West. We are happy to announce the growth across the various business units in Q2. This has resulted in the highest ever quarterly revenue and also improvement in our profitability. When you look at auto engines, when you look at retail, when you look at e-mobility, I think the story is quite clear. We are very proud of the strong and passionate leadership team that we have and we continue to invest in building a competitive advantage in technology, product innovation and design. We have already announced that we are going to be bringing five new products in the e-mobility area, which will be showcased in the Auto Expo in January of 2023. Some key points to note last mile mobility segment is recovery, reaching pre COVID levels. Hence, we are seeing the traction in both our automotive engines as well as on the penetration of EV. E-mobility business had the highest ever sales, powertrain business margins are improving and in terms of electric mobility, focusing on a new product roadmap, which is designed developed in India for the Indian consumer is where our focus is along with our in-house technology and our supply chains in accelerating the EV adoption, but also the 700 plus outlets through both our Ampere specific exclusive outlets plus the Greaves retail outlets, as well as helping with the Greaves Finance where it makes sense. With the diversification strategy that we started H1 FY23 Group revenue was about 135%. One or two other points to note, global supply chain constraints which we have talked about over the last several quarters continue to pose stress in the commodity cycle. However, we have seen in recent times that the situation has improved. commodity cycle

seems to be softening, and it augurs well. With that, in order to go over the financial numbers, I hand it over to Mr. Dalpat Jain to take you through the financial performance.

Dalpat Jain: Thank you. Good morning everyone. As Nagesh mentioned, in terms of the business, overall we saw a good recovery post COVID and that reflect in the financial performance of the Q2 where all at the group level the revenues were Rs. 699 crores, which is a growth of 87% compared to same quarter of previous year and it was 13% growth in Greaves electric mobility, if you see from Q1 and if you look at consolidated level, it was 6% higher compared to Q1 FY23. Overall, the profitability has improved in the engines of the powertrain business. We have seen margins improving with the reduction in the raw material cost and now as the revenues and the volumes are recovering, the impact of fixed cost reduction initiatives that company had taken were visible and standalone data EBITDA margins of the company in Q2 were at 8.9%. If we look at the H1 FY2023 revenue group reported total revenue of Rs. 1,359 crores and if we compare it with the highest ever revenue of the pre-COVID period, it goes almost 135%. From a balance sheet perspective, the company had a strong cash position, our net cash position remained at the Rs. 1,268 crores as of 30th September 2022. Overall, in electric mobility where we have seen close to 256% growth compared to the same period last year and the total number of units were around 33,000, but there are some developments over there at the industry level. The new battery guidelines are specifying some of the developments which are required in the product. Team is geared to meet the required standard as per the given deadline, but in the transition phase, we may see some disruption in the revenues at the industry level, but in the mid to long term that will get again recovered because that will be an impact on the primary revenue in short term. If you look at our B2C business, in the Q2 FY2023, there was a 65% contribution of B2C businesses in the consolidated revenue and the new businesses, the ones which started as part of diversification strategy for the company have now started contributing 59% of the consolidated revenues. With that, I will hand over the mike back to the operator and we will open the floor for the question answers.

Moderator: Thank you sir. We have the first question from line of Aashin Modi from Equirus, please go ahead.

Aashin Modi: Thanks for the opportunity. Congratulations to the management for a good set of results. So, my question is regarding the margin to the subsidy, so if you see we have seen a quarter-on-quarter decline of 35 basis points in subsidiary margins, despite saying that raw material costs are softening. Is it because our model makes? if you can comment on the margins.

Dalpat Jain: Overall, if you look at our subsidiary businesses between electric mobility, Greaves finance GTL, you are right, there is a small drop in the EBITDA margins, which is more linked with the sales and marketing expenses increase in electric mobility, like we had spoken in the previous quarters, company is going to invest more on the brand building initiatives and also sales promotional marketing and that is where the other expenses have gone up and EBITDA margin is a marginally dropped compared to Q1FY2023 .

Aashin Modi: So, these E-3 wheeler and E-2 wheeler have almost in the moment, because I see that E-3 wheeler have grown higher quarter on quarter.

Dalpat Jain: That is correct, EBITDA margins are higher in E-2 wheeler at current state, but if we see from a long-term perspective, E-3 wheelers once they build up the required volume, the long term margin should be better in E-3 wheelers.

Aashin Modi: Last question regarding this you are saying that this battery loss would have an impact on revenue and margin. So, could you please tell us more about it and what impact would it have on demand and what impact will it have on our margins.

Dalpat Jain: Sanjay will tell more in detail about the overall guidelines, in short term, because of some specific requirements, there are few changes which are being done in the product design and to that extent while the new product has launched, because this is a transition period, and after first of December, the products meeting with the guidelines has to be sold. So, in the temporary period at the primary revenue level, there is going to be impact. It is not going to be the impact at secondary level, but at the primary level, we are going to be moderating our production cycles to ensure that products which are going to the market are as per the required guidelines and in compliance with that, so that we are on the revenue impact.

Nagesh **Basavanhalli**: I will also add, keep in mind when we started the industry size was somewhere in the range of 6,00,000 to 7,00,000 units right this year. That is what we were producing and this was of course, up from 2,50,000 the previous year. When you look at the last month of October industry trended obviously aided by festivities, festival sales to almost 72,000 units, which is roughly 850,000 units. So, what we are saying is the overall trajectory of electric mobility and the inflection point I think is on track, but it's anything else. While we are not counting one month of festivities, because we do believe in the December you will see typical automotive slowdown right. All we are saying is in the short term, as the phase in and phase out happens with the battery standards phase one and phase two is a very good sign it shows a sign of a maturing industry and it also helps organize players. So, right but short term there are requirements of when do you manufacture and when do you sell, right. So, that is what Dalpat was talking about, wherein in terms of regulating the production, it won't have any impact on the secondary as you are already seeing probably in the Vahan database as of this morning, I think they are up to 14.8%. When you look at our retail Vahan sales of 29% from last month, right, but in terms of the primary sales and the production, obviously, we will have to manage that in the freezing of the first phase, which is December 1, and the second phase, which is April 1st.

Aashin Modi: Thank you sir. I will join back the queue for further questions.

Moderator: We have the next question on the line of A. Pirani from JPMorgan. Please go ahead.

- A. Pirani: Thanks for the opportunity and also thank you for separately talking about the battery safety norms. It is actually something which I think everybody is interested in. So, my first question is on that only. So, it seems that at least looking at Vahan data that it has not impacted you these changes and used to add an impact at you and also, at least for now, thankfully, you are not one of them names, which has been talked about in terms of the FAME subsidy also, I am sure that has something to do with, how your product is engineered. So, from a regulation point of view, can you spend some more time helping us understand where do you stand on the fame to subsidy thing? because some of your competitors have been named in terms of not meeting the norms. Also, when you talk about, you know, meeting these battery norms, can you say what exactly you are doing? Are you changing some vendors, was there some battery imports from, battery pack import from China, which is now going to be done locally? So, exactly what are you doing to meet these norms? If you can get some more clarity, that would be really helpful.
- Dalpat Jain: While broadly we spoke about in terms of what is happening at the battery guidelines level, and what is happening in terms of the overall subsidy, I would request Sanjay to give specific details in terms of what e-mobility business is doing.
- Dalpat Jain: So, while Sanjay is joining me, in terms of the electric mobility, we have been in compliance with the required guidelines and as we had spoken and talked up.
- Sanjay Behl: Let me give you clarity on battery standards first, and then I'll come to the subsidy question that you had. First on battery stand. First phase 1 cutoff is on 1st of December and as a company, we are fully geared up, as was also mentioned by Mr. Dalpat and Mr. Nagesh earlier to meet the guidelines both in phase 1 and in phase 2. phase 2 cut off on 31st of March. There are specifically asks from phase 1 and all of them we are compliant, and we have been certified now and we should be starting our production soon, but as you heard, there will be some transition loss from earlier inventory to the new inventory, the secondary will won't get impacted. Coming to the second one, I think this one added point that the Nagesh mentioned that, I would like to reinforce I think as a company we welcome this compilation of standards for battery safety, because it really helps to serious investor players who are organized and who have capability not just to design but actually assemble and then certify their products as per the **sponsor** standards for electric mobility are seen anywhere in the world, not just in India. So, we are very, very encouraged by these standards and we are actually working to make sure that vehicles are 100% compliance with that and that is where we are. On the FAME subsidy part, there is an industry, I think, verification which was on there is a standard that government has on at least 50% of DBL localization, which needs to be done in indigenization of supply chain. As a company we have been always in compliant right from the startup and subsidiaries till date and there have been multiple audits both by our certification agencies and independent auditors which will be last from time to time. The last one being on 29th of August with the government operates certified agency had visited our plant and given us breach in terms of other localization content. Currently we are in the process of answering a few queries

that have come from certification agencies and to which we have responded and we are waiting for the industry gate to open for the FAME subsidies, release of money and as and when it happens, we expect our subsidies also to get regularized. If there any specific questions and I will be happy to answer.

A. Pirani: So, that's quite helpful. So, just on the release of the FAME money, so right now, as in, like when you are selling the vehicles, what is happening, I mean, the FAME money is not being released. So, you are bearing the working capital, your dealers are bearing it? how is it working right now?

Dalpat Jain : Because if you look at the overall subsidy process, as you sell the vehicle, after that there is a 90 to 120 days of cycle, the dealer has to submit the documents and manufacturer has to approve that and then the government releases it. So, that cycle has been working regularly till last quarter end and now as Sanjay mentioned, there are few details which agencies are taking, and then the cycles surely will restart. So, that where it is, in the meantime, the subsidies recoverable and received by the company, so it's a company which basically has that working capital cycle and not the distribution process.

A. Pirani: Understood and just one last question, if I may, not in the short term, but slightly in the medium term as the industry and you move to these new battery safety norms. What does it mean to for cost structures? because I am guessing to make these changes, you will be making some changes in your vendor or your vendors will be investing some money to live up to these changes. So, is there a change in the cost structure for the industry that you envisage beyond say, March into next year or how should we think about it?

Nagesh Basavanhalli: Yeah, right, a very high level, there will be obviously, because some of the regulatory changes globally, anywhere, anytime, in automotive industry, any regulation comes in, right, it has added cost. Obviously, as you can see, we respect profitability, we have been watching that very closely. So, we will obviously, look at everything from looking at the cost side, how we can bring in more efficiencies, looking at, obviously, the pricing side, as we have seen our ASP has gone up over the year. Right. So, I think we will look at both from a pricing standpoint, as well as on the cost and we will continue to monitor that. But yes, short term, I do expect some cost to increase. But again, like we reinforce, I think it's a welcome decision and we are fully geared to go forward.

A. Pirani: Great, thanks a lot for the clarification. I will come back.

Moderator: Thank you. We have the next question line of Pramod A from InCred Capital. Please go ahead.

Pramod Amthe: This is a follow up on the same regulatory question. What is the extent of cost hike you are looking forward for you and the industry?

Nagesh Basavanhalli: I don't want to get into that right now, unless the CFO has specific numbers right now to share. But keep in mind, there is a phase 1 and phase 2. Phase 1, like I said, comes in December 1st, phase 2 comes on April 1st, right? We are working with our supplier partners to get especially some of the phase two going. Right. So, the total costs, but like I said before, the rest assured we have a very aggressive cost out program. Right and we will continue to be in that operating efficiency that you've always had because we have started from a lower cost platforms, right, we did not come from a very high-cost platform, right and we will obviously, also look at pricing over a period of time. So, we will just manage it, we will see how the industry reacts. Hence, I am not wanting to get into that in detail. But we are studying all of that as we speak, but enough to say, because of both market share growth and profitability continues from here on.

Pramod Amthe: And I just wanted to get your view, because when the regulatory changes happening in just a short period of four months, does it make any sense because when we are seeing ICE vehicles, it usually takes even when people are given three years period people are cribbing about so here considering that you talked about retail to be changed. If I heard you right, the retailing of the new product has to start from first December in first April and sir just a window of four months to make those changes. Does it make any sense for the OEMs to do phase 1 and phase 2 or some may take a call to just do a phase 2 and get rid of it in one row.

Nagesh Basavanhalli: So, I think I do the high level and maybe Sanjay can add. Again, like you said, if step in the right direction and if that instills more confidence in the consumer, and brings in more maturity to the industry, I think we are all for it, right. So, we are going about it in terms of framing in the phase 1 by December 1 and then getting into phase 2. Sanjay, do you want to add anything to that?

Sanjay Behl: No, I think it's a fair question and the only thing I would like to add is that the reason why it has been split into 2 phases, as I said, our understanding is also the industry one readiness time that is required to move from very base level upgrades to extremely high level upgrades, I think there is an elapsed time of about normally four to six months that is required. So, while I let go of immediately what is possible by the industry, and the certification ability of the industry is also very critical. Because you've seen the number of modules that are getting launched every month, every single component of vehicle needs to be certified. So, I think I understand and I believe that it is a very informed and a very well calibrated decision to go and take it to 2 phases, one to start with the base level standards that are coming in terms of next level of safety requirements on battery and then really advanced level of technology that is required to possibly make our batteries the best across anywhere in the planet in terms of both design integration and validation. Yeah, which is the next phase. So, I think that's the reason why it's been split up into two and as Nagesh said it is a very welcome move and I think it will really help us as a company to take the next level and not many, because there are a number of unorganized players is so large in India, I think it will separate a lot of non serious and very, very basic level of assemblers and if you guarantee a customer safety to a completely next level. So, that's always that's why it is in 2 phases.

- Pramod Amthe:** Thanks and related to the FAME subsidy wanted to get, do you feel the industry practices will change considering that now for the first time, we have seen breaks being applied with the release of the subsidy and hence, players like you or the others may like to get the cash in hand and then only give to the customer one or some players who are cash rich, like you who would like to take that working capital call and differentiate yourself in the marketplace to put it upfront or the table to the customer. So, do you see that happening over the next 12 months or so the smaller guys struggling to get those FAME subsidies and you guys can take that call?
- Nagesh Basavanhalli:** Keep in mind, we have brought in that discipline of we will do cash and carry with our dealers. So, we collect the money upfront if you recall from our dealership, right. Plus, like you rightly said, I think one of the reasons we raised money to make sure that as the consolidation of the industry happens, right and as the technology and product improvements happen, we are geared up. So, I think it definitely goes well.
- Management:** Pramod, like you rightly mentioned that there will be some churn with the kind of impact and with the regulatory changes on those guidelines with the working capital and the funding requirements and you will see with the time industry maturing and some of the players who are well clear with the technology and the funding we will gain in the market situation.
- Sanjay Behl:** Just to last point, I think you said will the standards change for operating company right now, I think if you would have noticed Greaves right before the FAME subsidy our journey to localization of our supply chain it started, in fact we have taken a hit last year and dipped our market share it down to as much as 5% from which we have now come closer to 15% to actually get on to this whole percentage of indigenisation and localization of our supply. So, standards will remain the same only get more strengthened as we go along. So, we have always been 100% compliant and the standards has been remains the same so that will remain the same. Of course, the business models will evolve as the market grows and consolidates like we will have to evaluate.
- Moderator:** Thank you. We have the next question from the line of Chirag Shah from Nuvama. Please go ahead.
- Chirag Shah:** I have the first question on follow up on this battery non changes at industry level what are the changes that have to be done? Because, according to me, the timeframe that has been given is not that significant that it required big technological change one so if you can elaborate on what exactly it is and any loss of efficiency or performance or kilometer range or anything that because of which there could be impact over that. Because there also asked for sale gaps between failure the placement has also been spoken about as one of the requirement of the battery pack.
- Sanjay Behl:** So, in the phase 1, the requirement is really to move towards from a normal battery management system to smart battery management system. That's smart BMS that's the first.

The second is CAN enabled charges so that there can be data propagation between a charger and a battery. So, the battery is let us say reaching a certain temperature, it sends an auto signal for the charger to switch it off and so on and so forth. So, I think these are some very base level changes as you rightly picked up our requirements in the phase 1. In phase 2, a specific technical changes that have been asked one is to go for what is called IP-67 battery which is really to limit the water ingress inside the battery so that there won't be any water seepage inside the battery in a humid or in a rainy or a monsoon condition, which of course, what it can be is it a carrier of a current and it could lead to some level of thermal incident so it could avoid that. That's one requirement which is coming. The other requirement is thermal propagation between the cells because as you know there are many cells packed in the battery. So, how does the current really flow from one cell to another and are there any sensors that have been put in case one particular cell is overheated, then there could be sensors that probably exists five minutes before the actual switch off, but industry is looking at what is the right level of it so there are some gas sensors, temperature sensors, which are being asked to be put into the battery. So, this is the technical phase one and phase two, limited kind of changes which are coming. Are we prepared as the industry geared up and as Nagesh said technology system is maturing very rapidly in electric mobility in India and I think it the progress really well. Our work with our suppliers and vendors gives us a lot of confidence that Indian industry and the ecosystem building Indian supplier ecosystem is really good and I think we and as part of the industry and we believe the whole industry will be able to meet up with both these challenges as we go forward.

- Moderator: We have the next question from the line of Jyoti Singh from Arihant Capital, please go ahead.
- Jyoti Singh: Thank you for the opportunity. My question is on the dealership side, as we were expecting that we will reach 300 by the end of September and 500 by FY23. So, are we following that, and we are on track?
- Management: Yes, we are on track now. We have crossed 300 dealers in last quarter, in fact it is closer to 350 and we are on track in reaching 500.
- Jyoti Singh: Okay, so another on the localization side how much percentage we are doing localization currently?
- Management: The current norm is 50%. We are well above 50%. We are closer to 60% localized something.
- Jyoti Singh: Okay and sir, if you can comment on the ampere, as I like, how much we are expecting for the FY23?
- Nagesh Basavanhalli: So, we have got your dealership question. As you know, we also in addition to the Ampere exclusive showrooms that Sanjay talked about. We also have the Greaves Retail Showroom, that we sell both Ampere and other EVs, right. So, technically, our outlets range greater than

sometimes in the country. So, our growth, in fact, we have added more than 40 Plus Greaves retail stores in the country, year to date, right point number one. Point number two in terms of future sales or this fiscal year sales, I think was the second question. As you know, we normally don't give forward guidance, but here are some of the data points that I'll share. If you look at the entire last year, we did 62,000 units. In H1 we did 62,000 units plus. So, technically, H1 has been greater than the entire last year. Granted last year we had COVID impact in the Q1 and clearly short term, we may have a little bit of bumps along the road in terms of primary like the CFO and Sanjay were talking about right. So, while we won't put down a number last quarter was 28,000. This quarter was 33,000. Right. So, I think you can see that trend line. Our market share, as of today morning is about 14.8 to 15% in Vahan database. So, I think you have all the data in front of you mam, which probably shows you kind of where it is and we are 29% month on month improvement versus last month, which was a record month.

Jyoti Singh:

Thank you so much sir.

Moderator:

Thank you. We have the next question from the line of Gunjan Prithyani from Bank of America, please go ahead.

Gunjan Prithyani:

Thanks for taking my questions. I am not going to have too much on the regulation thing, because it's still evolving, but I am just trying to get a broader picture on the industry. Now, when I look at these norms clearly, in your messaging, you do mention it may get challenging for some of the organized guys to me and in FY2024 you possibly see the FAME to sort of going away as well, I don't know what the update on that is, but assuming it goes away, you know, how should the entire industry sort of pans out? Do you see What does it mean from a competitive landscape perspective and secondly, your midterm margin also that you seem to be emphasizing that we will focus on profitability. But once the FAME two goes away, how are we thinking about the margins from a three to four-year perspective? That will be first question?

Nagesh Basavanhalli:

Yeah, I'll take that question. So, first question, if you see our projections over the last couple of quarters, right. Even at the beginning of the year, we said we should end up somewhere between 6,00,000 to 7,00,000 units. Last year was industry size of electric 2-wheelers was about 250,000 units, right? So, when you look at last month, aided by festivities, the projection is looking more like 850 or close to 9,00,000. Right so A short term, we are still projecting the 7,00,000 plus, because one month it doesn't make a trend, however, typically automotive cycles do go down in December. That's the because of the year and change etc. But when you look at the trend 2,50,000, and even if it becomes 7,00,000, that's almost a 3x growth this year and from there 2x Plus growth next year is not ruled out based on the trajectory. So, the trajectory and the industry from where we play is strong. Second point, I would like to leave it with this audiences we are probably one of the few players who got into this early. We have understood the customers. We are both in 2-wheeler and 3-wheeler B2B and B2C domestic today, but obviously International is an option. Right? So, it opens up a couple of other markets,

point number two. Point number three coming to subsidy you are right that is a decision beyond all of us. We worry about the things we control. So, what are we doing in terms of our continued focus on cost control, our continued focus on frugality, making sure that the product we design is adequate, meeting the product design, what the customer wants, and needs, right? But yet bringing in innovation, right, focusing in on Indian made, indian style products, which innovate but at the right cost and the feature set at the right cost is kind of what we are going to focus. So, on the cost side, I think we will continue our focus as and when and if subsidy goes away, we will be ready to bring in more efficiencies. Because keep in mind the scale efficiencies will grow. With scale efficiency, and automotive we will get efficiencies significant. Secondly, on the pricing side, we are not afraid to take pricing increases, it has been demonstrated. Our average selling price has gone from Rs. 40,000 to Rs. 95,000 plus. So, we will continue to keep pricing actions. So, we will look at it both on the pricing side working on the innovation on the product, as well as on the cost side. That is how I would answer that today and as and when and if subsidy goes away, I think we will be ready by a variety of actions.

Gunjan Prithyani:

Just a follow up Nagesh on the PLI kicking in. Do you see that as a competitive advantage for the ones who are qualified. How would you then approach the industry given we are not part of that list and also on this ASP point if you can share how the low speed and high speed mixes change because my understanding is 45 to 90 a large part of that is attributable to the mix changing. So, if you can share, what is the underlying price growth, we have been able to achieve as the mix, you know that you have any insights into that?

Nagesh Basavanhalli:

Yeah, so let me take it one at a time. I think the first part is one was a mix and then the first part of the question was a PLI. So, let me take the PLI. I think it is a fair question. Keep in mind, we are one of the few players who are very clear and we do that, even in our traditional engines business. While we have the capability to do design and manufacture every component of engine side, we use a combination of make and buy. Right and from day one, we have been very clear that we will use the right combination of make and buy. So, same thing in the electric mobility while we would want to control the design and innovations on certain factors, right, like motors or a software controller, etc. the manufacture could be done by somebody else, or the manufacturer could even come inside if the scale efficiencies and the commercial benefits are there. So, we will work with like-minded partners in the supply chain, have access to PLI. So, the way I look at this issue is, yes while we may not have directly gotten PLI because of how it was structured, but we will work with partners who have access to this, and the competitive advantage can be retained over a period of time. That's how I look at it. The second part in terms of mix, yes, you are right. some of that movement happened because we moved to what we call the high speed, but keep in mind, though, we will continue to keep moving with our five new products coming in, and especially the products on the 2-wheeler side, both in terms of product performance, which includes the speed the powertrain, or the feature performance, as well as on the pricing parameters. While we have not determined the pricing, I think we will have products that will scan, we have been very, very careful as to where is the heart of the

market and where we want to compete and over the next couple of months, you are going to see us have some pricing strategies that will probably reflect so I think we will have that as and when the product rolls out.

Gunjan Prithyani: Alright. Thank you so much.

Moderator: Thank you. We have the next question from the line of Ronak Sarda from Systematix group, please go ahead.

Ronak Sarda: Yeah, hi, thanks for the opportunity. Sir a couple of questions when a clarification did you say that the norms which are coming in from December 1 and March 31st are applicable more from a retail sales point or more from manufacturing point. So, could you sell the older generation products post December 1st.

Dalpat Jain: Ronak there is ambiguity out there, but we are considering it as a manufacturing point and that is how we are preparing the overall thing. So, basically from 1st December the products which are getting sold in the market will be compliant the required guidelines but right now it is not clear.

Ronak Sarda: But we are preparing more from a retail sales point. So, we will be curtailing our manufacturing to adjust dealer inventory

Management: That is correct.

Ronak Sarda: And the second part of the question was more from a balance sheet standpoint and if I look at the despite a very high working capital our September and net cash is upward is nearly Rs. 300 crores and we do have an option to further take 70 million from our strategic partner. So, how does that work out? Is there a thought process to stand in the balance sheet further or when do we take that decision.

Dalpat Jain: Ronak if you look at the overall the way business is performing and like we mentioned the operating cash flow continues to be positive for the businesses including profitability in electric mobility. We will continue to evaluate it basis the overall business plan. Right now balance sheet is having adequate liquidity to meet the requirements for the future expansion and we should evaluate it as the time comes the right time.

Ronak Sarda: Sure, and the final question on the slow speed portfolio. Would it be still viable to sell those slow speed products post the phase 2 norms? Does it become more of a push side from Ampere Greaves? How does the dynamics change in this slow speed portfolio?

Sanjay Behl: Ronak spoken on slow speed is currently trending at about 5 to 7% of overall sales and with the norms coming, we feel that slow speed from about a third of the market protocol about two years back or the five year back coming down to under 10% and with the FAME subsidy, its

viability is definitely under challenge at this point of time. So, then we will have to really see as to how the market augurs, but FAME is not going to be an infinite kind of subsidy kind of pot for the industry and we are very well aware that we have to do adequate be it both in terms of our pricing and in terms of our costing standards to remain competitive as the FAME subsidy subsides. Whether slow speed has relevance in India, yes, the segment has relevance in India, for last mile micro mobility, intracity small distance travel, we believe slow speed has viability. So, we would like to keep the light bulbs on continue to keep watching the segment very-very closely and then as to whether we need to invest into growing the segment and if it happens, as the FAME really substantial, so we are going to see that going forward.

Ronak Sarda: So, thanks Sanjay. Just to follow up here, there are two parts to it, right? One is what you are trying to say let's say a year down the line when the FAME subsidy goes away, there might be a necessity to take Rs. 30,000 to Rs. 40,000 rupee price increase on high speed portfolio and at that point of time, slow speed becomes viable. My question was more from the technology side do these two battery norms. With those two battery norms, is it is it easy to make those technology changes in the slow speed portfolio itself or the viability is I mean, I am asking if the viability is more from the technical side.

Sanjay Behl: So, we even have to really check out because at this point of time, since this does not have a FAME certification requirement, as the development for these batteries is not really because all the battery standards are really being done to really upgrade to the FAME certification standards at this point of time. So, Ronak I will have to come back to you on this offline after validating with the technical team. Is that okay?

Ronak Sarda: Okay, got your point. Thank you.

Moderator: Thank you. We have the next question from Ranadep Sen from MAS. Capital. Please go ahead.

Ranadep Sen: Thank you for the opportunity and congratulations on a great set of number. This is a reference to the B2C share increasing rapidly and now standing at 65%. So, is with respect to the branding of Ampere. Are we looking at having a brand ambassador in the near future with respect to connecting to the masses, any thoughts over there?

Nagesh Basavanhalli: Yeah, I think if possible, thank you for recognizing that. I think it goes back to a fundamental strategy four years ago, right? We said we will move from a B2B to a B2B plus B2C, right and we wanted to be closer to the consumer. So, in that sense, whatever it takes us getting closer to the consumer, more dealership points, more products that are relevant will continue to do that. Brand Ambassador and/or not or how we execute the marketing plan. Stay tuned because as we get into the Auto Expo, our electric mobility team led by Sanjay are working on a marketing campaign. So, I would not like to get into that at this point of time. But stay tuned for that. Because they are still working.

Ranadep Sen: My next question was I think 33,000 units this quarter and if I just extrapolate that like around 1.2 lakhs in this year, given the Ranipet plants capacity at million units, obviously that's in the future, but how do you like share that the growth trajectory of Ampere from here on in terms of units? Any projections?

Nagesh Basavanhalli: Again, we do not give forward guidance. But I will insist on going to the past. December of 2020, we sold 2000 plus units. This January of 2022 or December of 2021 I believe we sold almost close to 10,000 units, right? So, and the trajectory will continue. I mean, you have seen month on month. So, the numbers are now very visible. The manufacturing capacity is already geared up for quarter million units 20+ thousand a month in one shift and if needed, we can go up to two shifts and obviously we can double that capacity. So, I think when it comes to the fundamental things that we control, which is manufacturing capacity, the talent, the product, some of that we are invested. As and when the market really takes off and the demand is there, I think you are going to see us get to that point of time today and we are doing all the things in our control to kind of be ready submitted instruction point.

Ranadep Sen: All right and if I can just squeeze in one last question. One of the key elements of getting Abdul Latif Jameel onboard what is the leverage their, the supply chain or the global export capability that they had, I think they have done it with Toyota also. So, any traction over there in the exports like any plan that we have on road already?

Management: Yeah, so we are working on an export plan, which is not ready to be discussed right now. But as and when it is ready, and the product and the country roadmap is ready, we will be talking about that. But yes, that is definitely in the pipes.

Ranadep Sen: Alright, thank you so much, and wishing you all the best for the upcoming quarters. Thank you.

Moderator: Thank you we have the next question from the line of Pankaj from Affluent Assets. Please go ahead.

Pankaj: Thanks for taking my question. So, you have guarded about the numbers, you have gained the trajectory of how the numbers have evolved over a period of time. Sir over last two quarters, we have seen EBITDA margins improving. So, just wanted to understand next year as and when the numbers double from this level? Where do you see the margins for easy division going?

Dalpat Jain: So, Pankaj we look at the overall electric mobility, there are going to be different factors playing in next couple of quarters, the four quarters but if I see it from the long term perspective, which can be, let's say, 8 to 12 quarters down the line, the margin should stabilize in line with the overall ICE vehicle industry because operating leverage is going to play its own benefit at the margin level. The gross profit as you look at the last quarter and the last couple of quarters are already reaching towards 22% to 24%. The fixed overhead remains more or less at the similar levels with the volume. That's the benefit, which is going to flowing down to EBITDA level.

- Pankaj: And second thing you currently have ample cash. So, just wanted to understand what are your plans regarding that any takeover or any investment regarding EVs?
- Nagesh Basavanhalli: So, clearly, I think when you look at, we said we will invest in products, we have announced five new products. We said we will invest in people and manufacturing capacity, and we already talked about it. We said we will invest in technology and we continue to do that, especially as the combined group Greaves Cotton and Electric Mobility, we look at adjacencies in terms of powertrain applications where we are going to get into right last but not the least MNA is definitely also on the cards and as and when we are ready with any major announcements, we will come back and talk to you all of above.
- Pankaj: Thank you. Thanks a lot.
- Moderator: Thank you. We have the next question from the line of Sonal Minhas from Prescient. Please go ahead.
- Sonal Minhas: I had a first bookkeeping question. So, just wanted to understand definitely selling the 10 electric vehicles, what part of that are we financing through our own books in percentage terms, if you will just help understand that?
- Management: Sonal we do not have any financing of electric vehicles on the Greaves electric mobility right. We have tie up with various financials and the industry now the penetration of financing close to around 30% to 35%. So, overall, from a financial point of view with various financing partners is anywhere between 30% to 35%. Within the group, we have another company which is into financing and that's a fledgling one with a very small area. So, in terms of the overall financing to the Ampere Vehicles share is small. But as overall industry level and Ampere level the financing penetration is anywhere between 30% to 45%.
- Sonal Minhas: And the second question to understand I was looking at the dashboard for November, I have seen a dip in the sales of companies like Okinawa and Hero Electric and you seem to be holding well, is this somewhat just try to understand more from a market perspective. Is it linked to the battery regulation norms that you were talking about earlier in the call? If you can just like, there is any thing to be read at all there just want to understand.
- Nagesh Basavanhalli: So, I would not like to comment on the competition, but however, all you can say is we continue to do what we need to do in terms of executing our strategy. So, we will continue to do that.
- Sonal Minhas: Sure sir. That's about it from my side. Thank you.
- Moderator: Thank you. We have the next question from the line of Jiten Parmar from Aurum Capital. Please go ahead.

- Jiten Parmar: Sir my question is on, we had received some time back some ARI observations. are those resolved?
- Management: They have been replied to.
- Jiten Parmar: Okay. So but that closure has not came yet. Right.
- Management: The closure comes in the second deadline by which we had responded to every query, which is from our side.
- Jiten Parmar: Okay, now, this we had acquired a 26% stake in MLR Auto. So, what is the status on that? have we started utilizing this particular investment in the sense that we started outsourcing any work to them or how can you throw some more color on that just trying to understand what happens to that.
- Nagesh Basavanhalli: So, again, part of the strategy was also the pre-dealer and as w have seen in the e-rickshaw side, where it impacts the lives and livelihoods without the subsidy being a very strong thing there, I think is seeing good traction, point number one. Now, in terms of MLR yes, we have acquired the 26% and we have a roadmap to get to a higher number and we will execute that from as and when it is appropriate, and we will announce that right. We have started building three-wheelers out of that plant. We have started building the dealer network, the dealer network is now greater than 70 from hardly 7 there when we started, right. We are getting products ready, both on terms of the IC engine, but more importantly on the electric mobility side. So, yes, you are going to see a lot more traction in fact, in the Auto Expo expect also to see a couple of new products from the 3-wheeler stable as well. Yeah, so it's an integral part of our strategy going forward.
- Jiten Parmar: Great. Just final question. We have seen a reduction in the cash position and also if you can tell me whether the retail services are the EBITDA positive or what is the status from that? If you can -- if you are allowed to disclose that.
- Dalpat Jain: Yes. So, all the views are EBITDA positive. In terms of the cash in the second quarter, basically this is standalone, the cash position has increased. In electric mobility, the money has got utilized for a part of the Capex and part of the increase in the working capital. So, that's where the quarter 2 cash movement has been.
- Jiten Parmar: Okay, thank you so much. That's all I have.
- Moderator: Thank you. We have the next question line of Sandeep Dixit from Arjav Partners. Please go ahead.
- Sandeep Dixit: Just wanted clarification. I understand from your comments that we probably see some dip in EBITDA margins over the next couple of months as we transition because of the new battery

standards. Would you have any guidance on what would be the stable EBITDA margin we could look at beyond this initial changeovers ?

Nagesh Basavanhalli: So, in terms of EBITDA margin guidance, I think, is what you're looking for? Are you looking for the group perspective? Or are you looking for electric mobility?

Sandeep Dixit: Electric mobility, sir?

Nagesh Basavanhalli: Okay. So, like we said, there are a lot of moving parts right now -- yes, with Phase 1, Phase 2, there are a lot of moving parts. Plus, like I said, there will be new products coming in, which give us a little more pricing power, hopefully, over a period of time, and our marketing campaign kicks in. So, I'm not going to answer that question directly right now because there are a lot of moving parts, but rest assured like I said before -- it is -- this is on top of our mind, both from a cost efficiency standpoint as well as from a pricing standpoint, right, how we manage it over the next couple of quarters.

Sandeep Dixit: Can I sort of ask -- sort of a related question, like-for-like, what would be the increasing the cost because of the new standards, 10%, 20%? What would we like to have sort of educated guess?

Dalpat Jain: Sandeep right now, it's early. Overall it's not going to be in a way where it's going to impact the margin significantly. That's going to be managed with the right combination of type product typing and also the value engineering idea around the other side to reduce the overall other cost.

Sandeep Dixit: Okay. I think my question was slightly different. since I understand the margins are also a function of your other costs and your price. I just wanted to know what is the incremental cost to that it will enter.

Dalpat Jain: Yes. So, right now, it's early. Maybe we will talk about it when we talk in the next quarter.

Sandeep Dixit: If I have permission to ask one more question. Normally, what we see is that any kind of a standardization or regulation tends to consolidate the marketplace, especially at the base of the pyramid and when that happens, the marginal players get wipe out or rather they move out and try and tend to take market share. Can we expect something similar once these norms come?

Management: Yes, I think I responded sometime in the earlier question as well. So, overall, at the industry level, in the initial period as there are many new entrants who come in with the different kind of expectation and capability. Now as the industry matures, players who are having the right capabilities and also the overall funding structure will be able to grow and also gain in this kind of market situation. Consolidation would be inevitable in that situation. So, we expect that to

get played out as the things develop over time and industry shall mature like the overall as the time passes.

Sandeep Dixit: Thank you those were my questions.

Moderator: Thank you. That was the last question. I now hand the conference over to Mr. Nagesh Basavanhalli for closing comments.

Nagesh Basavanhalli: Thank you, everybody. We appreciate your ongoing interest. We are certain that we will continue to work on our products, our businesses, operational efficiencies and the distribution. We want to thank all of you for participating and all the questions you have asked. Stay tuned for more. Thank you and have a great day. Thank you.

Moderator: Thank you, sir. On behalf of Greaves Cotton Limited, we thank you once again. Stay safe. With this, we conclude this investor call. Thank you for joining us.

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