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Dear Sir/Madam,

Sub: Transcript of investors' call

This is to inform you that the transcript of the investors' call held on October 31, 2022, on the Quarterly/half yearly financial results for the period ended on September 30, 2022, is attached herewith and same will be available in our website i.e. www.vsttractors.com

We request you take this on record.

Thanking you,

Yours truly,
For V.S.T Tillers Tractors Ltd.,

Chinmaya Khatua
Company Secretary



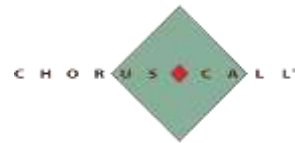
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**“VST Tillers Tractors Limited
Q2 FY '23 Earnings Conference Call”**

October 31, 2022



**MANAGEMENT: MR. V T RAVINDRA – MANAGING DIRECTOR – VST
TILLERS TRACTORS LIMITED**

**MR. ANTONY CHERUKARA – CHIEF EXECUTIVE
OFFICER – VST TILLERS TRACTORS LIMITED**

**MR. PANKAJ KHEMKA – CHIEF FINANCIAL OFFICER –
VST TILLERS TRACTORS LIMITED**

**MODERATOR: MR. ANNAMALAI JAYARAJ – BATLIVALA & KARANI
SECURITIES LIMITED**

Moderator:

Ladies and gentlemen, good day, and welcome to the Q2 FY '23 Earnings Conference Call of VST Tillers Tractors Limited hosted by Batlivala & Karani Securities India Private Limited. As a reminder, all participant lines will be in a listen-only and there will be an opportunity for you

to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero, on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Annamalai Jayaraj from Batlivala & Karani Securities India Private Limited. Thank you, and over to you.

Annamalai Jayaraj: Thank you. Welcome to VST Tillers Tractors Limited Q2 FY '23 post results conference call. From the management side, we have with us today, Mr. V. T. Ravindra, Managing Director, Mr. Antony Cherukara, Chief Executive Officer and Mr. Pankaj Khemka, Chief Financial Officer.

I'll now hand over the call to the management for opening remarks to be followed by a question-and-answer-session. Over to you, sir.

Pankaj Khemka: Good afternoon, everyone. This is Pankaj Khemka. For the quarter ended September 30, 2022, the income from operation is INR 234.15 crores against INR 233.46 crores for the previous year's same quarter. The EBITDA as a percentage is 13.77 % against 16.44% previous year's same quarter. PAT for the quarter is INR 22.74 crores against INR 32.15 crores previous year's same quarter. However, for the quarter 1 of FY 23, the PAT stood at 10.05%, so it is just double in Q2 of FY23.

Volume for power tillers for the quarter is 8,819, tractor volume for the quarter is 1,688. The turnover for the different verticals are as follows: for small farm mechanization vertical, the turnover is INR 136.8 crores for the quarter 2 FY '23. For tractor business, we have done INR 63.31 crores. For the spares business, we have done INR 23.42 crores. These are the opening comments. We are open for questions.

Moderator: Thank you very much. We will now begin the question-and-answer-session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen we will wait for a moment while the question queue assembles.

We have a question from the line of Dhruv Galada, an Individual Investor. Please go ahead.

Dhruv Galada: In the month of September, we saw a degrowth both in the power tillers and tractor segment. So are you seeing an improvement in the current quarter and what is the outlook for demand going forward?

Antony Cherukara: We feel that with the onset of the festival in October, the deliveries and retails have been good. So, we expect the second half of the year to be better than the first half. We expect that sales Nos will grow in November and December when the rabi season crops come up for sowing. And so, the second seems better than the first half.

Dhruv Galada: And what are the volumes for the higher HP tractor, if you could give for H1 FY '23? And if you can also elaborate on the response you're seeing in North India, in the higher HP segment?

Antony Cherukara: Higher HP is about 131 Nos tractors in Q2 alone. And in first half of the year, it is about 300-plus tractors. And in the North, we are expecting good response and we are receiving good response, but with the launch of VST- Zetor Tractors, which we will be doing very soon. The unveiling of the product is happening on November 4th at Chandigarh CII Agri Expo and the launch will happen later in quarter 4. So with that we expect a response from the northern market to increase from current levels.

Dhruv Galada: Also, what are the revenues from the export business in Q2? And does that continue to grow?

Antony Cherukara: The export business has seen a slight decline in the month of August and September. This is primarily due to the issues in Europe and we expect that to improve in the coming second half, as we've seen that in October and November the orders have slowly started trickling in. I think the realities of what the winter would be and the inflation would be has kind of settled in and now the orders have slowly started coming in again. So I expect, again, in Europe, the situation would get better. But I don't think it will be as buoyant as last year in terms of the tractor sales, especially in Europe.

Dhruv Galada: One last question. Our quarterly revenue in the current quarter is more or less similar as compared to the revenue we reported in the same quarter two years back, which is September 2020. So what has been holding us back in terms of – I remember you mentioned supply chain issues, so are there any other such factors?

Antony Cherukara: No. The revenue has definitely grown compared to September 2020. I'll just get back with the exact numbers. But definitely compared to last September 2021 that was one of the highest revenues we had posted ever. So in comparison to that, we have had a slight growth. As I said, the retails in August and September were comparatively lower. And we always work on retails and consumption. So, you will have seen our billing has been in line with the consumption which I've often repeated. So we saw that going down in August and September. We see that improving in October, and we'll find that it will translate into better revenues for the company going forward in H2. Just to clarify to you, Q2 of 2020 was INR 220 crores.

Dhruv Galada: One final question, if you could give us the volumes for power weeders and brush cutters in H1?

Antony Cherukara: Yes. Power weeders was, close to 1800 numbers for H1.

Dhruv Galada: And brush cutters?

Antony Cherukara: Brush cutters is around 800 numbers.

Moderator: Thank you. Reminder to participants to press star and one to ask a question. We have our next question from the line of Harsh Gemavat. Please go ahead.

Harsh Gemavat: So I just wanted to ask, so we've seen a drop in the tiller volume in the last couple of quarters. So, any specific reasons you would like to highlight for this?

Antony Cherukara: No, drop in volumes in the last couple of quarters. It's just last two months we have had -- in fact, last month, we have had a drop. So I'll explain that it is inline with the retails. So the retails

went down last two months, and last month the wholesale billing got affected because the consumption was not inline. So it was down only last month in the last two quarters, we have grown, H1 in fact we have grown in tillers.

Harsh Gemavat: No. I was talking about quarter-on-quarter perspective. So I think compared to quarter 4 last year, so quarter 1 and quarter 2 were a little slower on the tiller side?

Antony Cherukara: Yes, quarter one was slightly better and quarter four will be again better. See, there is cyclicity in terms of seasonality in tiller. We will see the same cycle repeating every year. So the peak months were June, July and November, December actually is a peak month for tiller sales. And then March also plays a big role because of subsidy releases in many states. Because of five / six months which are peak season and based on these peak seasons on consumption, the quarter also turns out to be with a higher growth.

So last year, if you see, Q4 had a very large March figure.. And this year, June, July was quite good. However, we had supply chain constraints in Q1, which I've shared with all of you. And in Q2, as I said, July, August was slightly down. And Q3, we expect the season to be very good.

Harsh Gemavat: And sir, on the tractor segment, we've seen a stable demand kind of scenario. So are we seeing a greater demand in the Northern region picking up? And what is our plan to like succeed in these new markets, like about our plan to gain market share in these markets?

Antony Cherukara: Yes. So see, tractor industry is 90,000 roughly or 10% roughly in the compact tractor space, wherein we are predominantly present. And the rest of the 90% market is the higher horsepower. And if you see the higher horsepower growth, it has been happening more in the north of the country. And the larger markets for the compact tractors is Gujarat and Maharashtra, which in the first half of this year has been slow. So this impacted our volumes as well.

Now we are scaling up on both higher horsepower as well as compact tractors. So in second half, we expect the compact tractor industry to pick up in Maharashtra and Gujarat because the rains has been good. And all the festival retail has been good. So we expect it to pick up and higher horsepower, as I shared earlier, with the launch of Zetor and the unveiling of the product happening just one week from now and the launch of products in Q4, we are expected to pick up volume from the higher horsepower segment as well.

Moderator: Thank you. We have the next question from the line of Arjun Khanna from Kotak Mahindra Asset Management. Please go ahead.

Arjun Khanna: So just looking at the balance sheet, so if you could help us, I see receivables actually spike up in the first half by almost INR 55 crores. Could you help us understand why was this the case?

Antony Cherukara: Yes. So we had to kind of look at sales institutionally in the power tiller segment. So there we extended some receivables for which the collections are coming now.

Arjun Khanna : Sure, which was obviously not the earlier years because of the B2B business. So you don't foresee any bad debts, etcetera, from this side?

- Antony Cherukara:** No, not at all.
- Arjun Khanna:** So this is not like what we used to earlier extend to states and...
- Antony Cherukara:** No, not at all.
- Arjun Khanna:** No, this is very helpful. Secondly, if you look at the inventory side, we do see a buildup of inventory also. Is this for the new Zetor launch and would this correct once the launch is done?
- Antony Cherukara:** See, Arjun, like last two years, what has happened to us is we lost sales in June, July, and we lost sales in November, December and March, wherein we had the peak season for power tillers. So this year, considering all indicators, water availability is there, crop prices are good, minimum support prices have gone up
- , we feel the season is going to be pretty buoyant in H2 for which we have built inventory, which is especially in the power tiller segment, we have built inventory. In the TOC way of working, unless the norms are set higher, we cannot produce. So we have set the norm higher and built in inventory consciously to avoid any loss of sales which we have experienced in the previous quarters.
- Arjun Khanna:** Sir, if you could just help us with the CapEx outlook. We've spent only INR 15 crores in the first half. We had given an outlook of a much higher CapEx if one annualizes this number. If you could help us understand, would second half be exceptionally heavy in terms of CapEx?
- Antony Cherukara:** Yes. We have roughly about INR 50 crores to INR 60 crores of CapEx that is planned this year, against which the spend has been about INR 15 crores in H1.
- Arjun Khanna:** Sir, just the last question I had for Zetor, which we are launching our product. Do we have a sense how many units we expect to sell for the second half?
- Antony Cherukara:** In the second half, it will be lower number because we're launching only in Q4. But real volumes are going to grow in the next year. We are looking at upwards of 1,500 to 2,000 tractors next year.
- Arjun Khanna:** Coming from this higher HP Zetor range?
- Antony Cherukara:** From the VST Zetor, yes.
- Arjun Khanna:** Sure. Just a continuation of that question, we were potentially looking at the Africa market for Zetor also. Is that in your 2000 number or that -- if and when that does occur, it would be over and above?
- Antony Cherukara:** The African market numbers will come after the four-wheel drive is launched, major numbers. It will be the latter half of next year. That is not considered in this 1,500, 2,000 number.
- Moderator:** Ladies and gentlemen, to ask a question please press star and one on your phone. We have the next question from the line of Anirudh Singhi from Dalal & Broacha Portfolio Managers. Please go ahead.

- Anirudh Singhi:** So you've spoken about this INR 3,000 crores target by FY '25. Could you provide a road map about how we will achieve this?
- Antony Cherukara:** The first task is we will be crossing the INR 1,000 crores milestone this year. The next two years, we have done a work-out, it is looking like INR 2,000 crores plus by FY '25, but all-out efforts are being taken to ensure that the INR 3,000 crores happen at least by FY '26. I want to add one more, if I may. See, once this vision has been set, we have not had a single normal year. We had COVID, then we had commodity inflation, all sorts of issues coming up. So we took a complete review of this INR 3,000 crores milestone. It looks like we will be delayed by one year, and we will be able to get it in FY '26.
- Anirudh Singhi:** And the growth will largely be from our new range of tractors, right, from the Zetor tractors?
- Antony Cherukara:** Investment is also going into small farm mechanization. We are looking at lot of innovative products coming out of the small farm mechanization segment. We are looking at growing our tractor range, like last time, I explained, we are wanting to enter the US market with our compact tractor range. We are also getting into a serious play in our electric range of tractors. So all these will contribute. And like I shared in the last call, many of the projects that we had started two years, three years back, it's coming into the stage of revenue realization at this point. Going forward in the next six months to one year, these projects are getting into a revenue realization mode, which will give us the quantum jump that we are looking at.
- Anirudh Singhi:** Secondly, you signed supply agreements in Farmech Taiwan and MTD USA. Can you just talk about that? What products are these related to?
- Antony Cherukara:** Yes. This is mostly related to brush cutters and small farm machines, which we have alliance with Farmech Taiwan and MTD USA.
- Anirudh Singhi:** And MTD USA, that is for?
- Antony Cherukara:** Brush cutters and small farm machines, a different range of machine.
- Anirudh Singhi:** And lastly, we started supplying pumps in UP and Bihar, so are we manufacturing these? Or are we just trading products?
- Antony Cherukara:** Electric Pump business, we are trading right now.
- Anirudh Singhi:** And how much revenue could we do from this business, from the pump business?
- Antony Cherukara:** This is the first year, and we are, as you rightly said, we are just piloting it in two states, and we are setting up a complete digital distribution network. The figures would be in the tune of INR 5 crores to INR 10 crores this financial year.
- Moderator:** Thank you. We have a next question from the line of Shashank Kanodia from ICICI Securities. Please go ahead.

- Shashank Kanodia:** So sir, just wanted to get a sense on the raw material pricing front. So the metal prices, mainly steel, has corrected sharply. We did see some benefits going towards in Q2. So what is it -- what numbers that we should be working about in terms of expansion in gross margin for us, given that you've already taken price hit?
- Antony Cherukara:** Yes. So compared to last year, the Q2 material cost has gone up by almost 5%, as you can see in the financials. And on an H1 basis, it is about 4.37%. So I mean, it is cooling off. We have seen slight reduction in Q2. We expect further reduction to happen as consumption of inventory happens in Q3, but it is not still at October 2020 level.
- Shashank Kanodia:** And sir, in this case, do we have to go to state governments and renegotiate prices? Or do we retain the benefits of lower RM cost?
- Antony Cherukara:** The state government prices are predominantly for the power tiller segment, which we are doing and some of the state governments have revised the prices.
- Shashank Kanodia:** Secondly, sir, recently, there was a product launched by the name of Swaraj Code by M&M, right, compete against the power tiller segment. So I just want to get a sense. So has it really dampened the power tiller space? And how do you see this as a competition to our traditional product?
- Antony Cherukara:** We have evaluated the product, and we find it to be interesting. But functionality-wise, the power tiller still offers much more functionality than this particular product that we are talking about. So it has not dampened the sale of power tillers at all.
- Shashank Kanodia:** But that product will not qualify for subsidies by segments, right, or will it be?
- Antony Cherukara:** No, it is not qualified under the segment of power tillers.
- Shashank Kanodia:** And sir, despite all the first [inaudible 0:22:19] power, our tractor sales volume, last -- first half of this fiscal -- last fiscal year, we have underperformed the industry quite sharply, right? So what kind of volume numbers can you expect for tractors in power tillers for this year?
- Antony Cherukara:** Like I said, the power tillers is 15% to 20% growth this year you can expect and the tractors will be at a lower single-digit growth. So we intend to recover in Q3 and Q4, simply because we are launching multiple products, which we had a product gap for -- in the vineyard markets and also in the higher horsepower range. So these products are being launched in Q3 and Q4, with which we expect to get our volume back on track, and we should end up with single-digit growth.
- Shashank Kanodia:** Sir, this launching of new products, will it have any impact on margins in terms of better -- increased spends? Or do you wish...
- Antony Cherukara:** No, don't think it might impact of margins because we have been able to manage our material cost vis-a-vis the commodity inflation pretty well.
- Shashank Kanodia:** Sir, the range of margins should be roughly 13% to 14% for us, right, sustainably?

- Antony Cherukara:** Like as I said in the last call, if you remember, I said we will be back this quarter within the guidance range. We are back in the guidance range. And I think it can only get better, unless, of course, there is a disruption again.
- Moderator:** Thank you. We have our next question from the line of Sonal Gupta from L&T Mutual Fund. Please go ahead.
- Sonal Gupta:** Sir, could you repeat the small farm mechanization revenues for this quarter?
- Antony Cherukara:** It is INR 136.8 crores.
- Sonal Gupta:** INR 136.8 crores. And tractors was INR 63.3 crores or something?
- Antony Cherukara:** INR 63 crores.
- Sonal Gupta:** INR 63 crores. And parts is?
- Antony Cherukara:** Roughly INR 23.5 crores.
- Sonal Gupta:** INR 23.5 crores. And sir, just on -- I mean, continuing with the tractor question because that's been a concern now that like we've had five quarters of negative growth. And even while the industry has seen a turnaround, we are unable to see a turnaround. So I mean like when are the new launches coming in? I mean, like are they addressing certain meaningfully large portions of the market that you were not catering to?
- Antony Cherukara:** Exactly. So point No.1, I'd like to reiterate what I had mentioned earlier. We participate only in 10% of the tractor industry. This is a compact tractor segment, predominantly. So 80% to 90% or more than 90% of the sales come today only from compact tractors. In that sense, in the last few quarters, the compact tractor segment has not been growing. Compact tractor segment doesn't mean less than 30 horsepower, it means compact tractor, four-wheel-drive tractor. So these tractors are used in pomegranate farms, grape vineyards and specific niche applications. And in the last few quarters, this market has not grown, point No.1.
- Point No. 2, we are growing and we are entering into the higher horsepower industry to garner growth from that segment, which is growing, which is wherein we are launching the VST Zetor range of tractors in quarter 4, and we have other launches of tractors happening again from the VST stable in this higher horsepower range, with which we feel that we will be able to grow. Specifically to say, we are launching a 28 horsepower tractor. We are launching a 36 horsepower tractor. We are launching a 45 HP and a 49 HP tractor apart from which we are launching a VST Zetor range.
- Sonal Gupta:** So you are launching like four higher HP, 28, 32 and then 45, 49 and plus this Zetor range?
- Antony Cherukara:** Yes.
- Sonal Gupta:** But any reasons for launching so many together?
- Antony Cherukara:** Because we had these product gaps, as we said.

- Sonal Gupta:** But I mean, I thought we did launch some higher HP tractors last year, sorry, if I'm wrong on that?
- Antony Cherukara:** Yes, that was the first range of products, first ever higher HP, which we had refurbished completely and do a complete relaunch.
- Sonal Gupta:** And I mean, like are these -- so from that launch, have we gained some idea in terms of...
- Antony Cherukara:** Last two years, first year, we did about 1,000 tractors. The second year, we've seen 1,000 tractors. Then we said, okay, if we want to enter into further especially the Northern markets, we need to have certain, I would say, positioning benefits in terms of pricing for which we had to redesign the entire offering in this Northern market, which we will be launching now.
- Sonal Gupta:** And just, sorry, the Zetor range would overlap with your higher HP, right?
- Antony Cherukara:** Zetor range offering will be in the premium range.
- Sonal Gupta:** Yes, but it will be the 45 HP to 49 HP, right?
- Antony Cherukara:** Yes, 45 HP and 49 HP, but at a very different positioning, the features and benefits will be very different. It will be the premium range of tractors compared to any other premium multinational product.
- Sonal Gupta:** And just lastly, I mean, how is the thing on the -- I mean, like on the distribution business side? If you could just talk about the...
- Antony Cherukara:** Yes, distribution, we have started electric Pump in UP and Bihar. The digital pilots are on. Like I said, we should end up this year at around INR 5 crores kind of turnover. But this is just the first year where we are test piloting it in just two states of the country.
- Moderator:** Thank you. Ladies and gentlemen, to ask a question please press star and one on your phone. We have our next question from the line of Kunal Sabnis from Nine Rivers Capital. Please go ahead.
- Kunal Sabnis:** With respect to the tractor export volumes, you did about 1,400 units last year. What is the first half number? And you said you expect a degrowth. So I mean, if you could sort of quantify that...
- Antony Cherukara:** We did about 600 numbers in the first half. I expect to close at around 1,200 number.
- Kunal Sabnis:** So that's about 200 units less. Okay, fair. In terms of power weeders, you said about 2,000 numbers and which was what you did in full last year?
- Antony Cherukara:** Correct.
- Kunal Sabnis:** And how are we placed in terms of sort of manufacturing it here? I mean how much have we scaled up? Or we are still entirely importing and selling?

- Antony Cherukara:** Right now, we are importing, but definitely, we are planning to manufacture it in India.
- Kunal Sabnis:** So we haven't started even...
- Antony Cherukara:** We have not started it yet, yes.
- Kunal Sabnis:** Okay. And finally, on the other expenses part, it's sort of been volatile through the quarter. So if you could sort of give what is the --so if you look at quarter one numbers for a similar top line, the other expenses adjusting for M-to-M was roughly about INR 22 crores versus INR16 crores in quarter two. So a drop of INR6 crores, whereas your revenue was sort of flattish. So if you could sort of, I mean, explain what's playing out there?
- Antony Cherukara:** There was a mark-to-market loss on the investments in the first quarter.
- Kunal Sabnis:** Yes, even adjusting for that, it was INR 22 crores.
- Antony Cherukara:** Some more details, CFO will give.
- Pankaj Khemka:** See, basically, there were some major savings on two heads. One, we were able to drive several fixed cost savings projects in this quarter two, which has got some savings. Secondly, on the logistics side, we have tried to renegotiate our contract and also bring in new vendors. So a lot of savings we have brought in even in logistics cost also. So these are main two front runners for the cost saving.
- Kunal Sabnis:** So does that mean the other expenses line item as percent of revenue should be about 7%, I mean, which is, you did about 6.8% in quarter two? Does that stay at a similar level?
- Antony Cherukara:** Same expenses will remain lower, Kunal. However, there would be expenses we'll be doing towards branding, doing towards other expenses to grow the business, which might increase the expenses to the same level as before, but if you look at the systemic corrections done in logistics and the other fixed expenses, which CFO was talking about, that will remain to be the same.
- Kunal Sabnis:** Got it. And so henceforth, maximum improvement should happen from the gross margin respect.
- Antony Cherukara:** Absolutely.
- Moderator:** Thank you. We have our next question from the line of Harsh Gemavat. Please go ahead.
- Harsh Gemavat:** Sir, I just wanted to ask, so what was the share of rice planters in this quarter?
- Antony Cherukara:** So rice planters we have stopped about three quarters back. Just to give the numbers on brush cutter, we have done about 800 brush cutters and about 1,800 weeders for the first half, which is slightly more than what we have done last full year.
- Harsh Gemavat:** And sir, what are the current inventory levels at dealership level?
- Antony Cherukara:** Our inventory on tractors is about 35 to 40 days of inventory. And for the tillers, it is at about 50 to 60 days.

- Harsh Gemavat:** Sir, what is the normalized inventory level in tillers?
- Antony Cherukara:** In tillers, normalized is again at around 40 to 45 days.
- Harsh Gemavat:** 40 to 45 days. So we are currently at a little bit higher inventory side and you're saying that the second quarter will be...
- Antony Cherukara:** I explained, consciously, we have taken it up to manage the peak season demand that is coming up.
- Harsh Gemavat:** So we might see a little bit of slowdown, right, in the second half of this year?
- Antony Cherukara:** I mean tiller industry is very different from Tractor, so the peak season is coming for tillers.
- Harsh Gemavat:** And sir, previously, you had flagged of a little concern that Chinese tillers are still being imported in India through different routes. So would you like to highlight a little bit on that? Is that still going on?
- Antony Cherukara:** No, I have not highlighted. I am not aware whether anything is being imported from China in terms of tillers. There is still imports happening of weeders, but tillers, no import is happening, that I am aware of.
- Harsh Gemavat:** And sir, what kind of price hike did we -- did we take any price hike in this quarter?
- Antony Cherukara:** We did take a price hike on tillers at about INR 2,000 per unit.
- Harsh Gemavat:** And sir, just lastly, would like to really know your industry outlook for tractors and tillers in the next two years?
- Antony Cherukara:** Industry of tillers is going to be driven by us. And I expect it to grow at a CAGR of about 20%, because it will reflect our growth. And the tractor industry looks like a single-digit growth this year. That's what everybody is predicting. But if we come back to our segment of compact tractors, I expect it to remain flat.
- Harsh Gemavat:** So lower -- compact tractors will be kind of flattish for this year.
- Antony Cherukara:** Yes.
- Moderator:** Thank you. Ladies and gentlemen to ask a question please press star and one on your phone. For any further question please press star and one on your phone. We have a question from the line of Devanshu Sampat from YES Securities. Please go ahead.
- Devanshu Sampat:** So I think from what you had said earlier that the Zimeno (Monarch tractors) product launch is expected in early 2023. So can you give a sense on what is the expectation we can have from an FY '24 perspective from this business?
- Antony Cherukara:** Of course, Zimeno Inc is a completely different entity. We are investors and suppliers to them. So I won't be able to give you exact numbers, but I can broadly tell you that the launch is very

soon. As I said early '23 still remains and the launch should happen. And from what I hear from them, there is great response to the product, and we expect good numbers of that to happen, but I don't have a definite figure with me right now.

Devanshu Sampat: Okay, sir. So correct me if I'm wrong, I think I may have seen it somewhere online, but is this - this is with Foxconn getting involved, this is the same project, right?

Antony Cherukara: Foxconn is going to manufacture for Monarch. So Monarch has an arrangement with Foxconn. You're right.

Devanshu Sampat: So we'll be supplying the basic assembly entirely, right, like 100% exclusive?

Antony Cherukara: We are giving them the gear train, the front axle and the rear axle. And we are in development for some other components as well.

Devanshu Sampat: Okay. So I mean I would assume it to be a large-scale project, right? So here must be some numbers that you must be working with or you must be geared up for the next phase, so if you can...

Antony Cherukara: But it's too early to spell that numbers out. I mean, unless we really get going, giving that number out probably would lead to wrong estimation. So I would wait for some more time before we can talk more in detail on that.

Devanshu Sampat: Sure, sir. Okay. I'll await an update from you next quarter.

Moderator: Thank you. We have our next question from the line of Shashank Kanodia from ICICI Securities.

Shashank Kanodia: I just wanted to check about the profitability of higher HP tractor segment. I know that there are lot of peers domestically. So it's going to be a similar margin profile of what you like these days or it's going to be a tad lower than the existing profile?

Antony Cherukara: It will be a tad lower than the current range of compact tractors for us because, as you rightly said, we are a newer entrant and we need to be quite competitive. So it will be a tad lower than what we have currently. But definitely, we won't do any business without profits on the books.

Shashank Kanodia: So sir, with the kind of period launches that we're targeting, we should be comfortably doing something like 10,000 units next year, right, in the tractor space?

Antony Cherukara: Yes.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to management for closing remarks.

Antony Cherukara: So thank you, everyone, and seasons greetings to all of you. Great to be interacting with you -- all of you once again. Thank you so much.

Moderator: Thank you. On behalf of Batlivala & Karani Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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