

June 06, 2023

**Listing Department,
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex
Bandra (East), Mumbai -400051**

Dear Sir,

Sub: Q4/FY23 Earning Call: Transcript.
Ref: Regulation 30(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (referred herein as Listing Regulations).

An Earning Call was held on June 01, 2023 to discuss Operational and Financial performance of the Company for Q4/FY23. Pursuant to Regulation 46(2)(oa) of the Listing Regulations, the copy of Transcript of above Earning Call has been made available on the website of the Company under Investors section.

The web link of the above Transcript is as under:

Link: <https://fiemindustries.com/analyst-meet-audio-recording-written-transcript/>

Pursuant to Regulation 30(6) read with Schedule III [Part A, Para A, sub-para 15] of the Listing Regulations copy of the Transcript is also being submitted herewith.

This is for your information and records please.

Yours faithfully

For Fiem Industries Limited

**Arvind K. Chauhan
Company Secretary**

Encls: A/a



Fiem Industries Limited
Q4FY'23 Earnings Conference Call
June 01, 2023



COMPANY MANAGEMENT

- **MR. J.K. JAIN – CMD**
- **MR. RAJESH SHARMA – DIRECTOR**
- **MR. ARVIND CHAUHAN-CS**
- **OTHER FINANCE TEAM MEMBERS**
- **MR. RAHUL JAIN – DIRECTOR**
- **MR. VINEET SAHNI - CEO & DIRECTOR**
- **MR. O.P. GUPTA – CFO**

MODERATOR

- **MR. SAHIL SANGHVI – MONARCH NETWORTH CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to Q4 FY '23 Earnings Conference Call of Fiem Industries Limited, hosted by Monarch Network Capital. 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 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.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict. I now hand the conference over to Mr. Sahil Sanghvi from Monarch Network Capital. Thank you, and over to you.

Sahil Sanghvi:: Thank you, Yashshree. Good evening, everyone. On behalf of Monarch Network Capital, I welcome you all to the Q4 and FY '23 Conference Call of Fiem Industries Limited. We'll start the call with the initial comment about the results and the future outlook of the company and then we'll open the floor for question-and-answers. So without much delay now I hand over the call to Mr. J.K. Jain, Chairman and MD of the company. Over to you, sir.

J.K. Jain: Thank you. Good afternoon to everyone, and welcome to FY '23 Earnings Call of Fiem Industries. Joining me on today's call are Rahul Jain, Director; Rajesh Sharma, Director; Arvind Chauhan, Company Secretary; O.P. Gupta, CFO; and other members of the finance team.

I would like to introduce Mr. Vineet Sahni who has joined us as Director and CEO. Vineet Sahni has a vast experience of over 35 years in the automotive industries. He will be driving the company growth strategy in the 4-wheeler segment. The results and the investor presentation for FY '23 have been made available on the both the stock exchange and the company website. I hope everyone has had a chance to review the same.

FY '23 has been a year of recovery and transformation of the Indian economy. Despite number of challenges, including financial sector, inflation and geopolitical issues, Indian economy has demonstrated its strength and has emerged as one of the fastest-growing economies in the world, with a growth rate of 7% in FY '23.

This growth has been driven by a number of facts, including the recovery in domestic demand and the government's focus on infrastructure development. The 2-wheeler industry also posted a year-on-year growth of 9.8% in production volumes and 17.7% in domestic sale volumes.

The 2-wheeler segment is the best suited to meet the country's mobility demand, and thus, I believe the industry will sustain a double-digit CAGR in the long term.

Now let me shift my attention to the operating performance of the Fiem Industries. I am pleased to share that the company's revenue for the full year FY '23 have grown by 18%, EBITDA by 28% and the profit after tax by 46%. We have a very strong balance sheet and are well positioned

for growth. Our EV customer base continues to grow and we have now 28 customers in this segment.

While the EV industry has seen some slowdown due to the recent FAME subsidy challenges, the long-term growth remains intact and we are committed to supporting our customers in these transitions. I am also pleased to share that Fiem has entered into an agreement with Gogoro India to expand its product portfolio in the 2-wheeler EV segment.

As you are aware, Gogoro India is a group company of Gogoro Taiwan, which is Taiwan's largest EV 2-wheeler manufacturer and is a world leader in battery swapping technology. As a part of this agreement, in addition to our existing lighting and rear-view mirror business, we also plan to gradually indigenize in phased manner, the hub motor assembly and motor control units.

Gogoro will provide the technology -- technical know-how and other support in setting up the manufacturing facilities as well as production, quality and testing support for the above new product lines. This will significantly enhance our per vehicle content to INR15,000 to INR18,000. In addition, this opens up a new electronic segment for Fiem, which can provide significant growth and new opportunities in future. This tie-up demonstrates Fiem's leadership in EV segment and the confidence that its manufacturing and technical abilities enjoy the global customers. We thus are well positioned for growth in FY '24.

With this, I hand over to our CFO, Mr. O.P. Gupta and the finance team to update on operational performance. Thank you.

O. P. Gupta:

Thank you, sir. Good afternoon to everyone. First, I will present the Q4 numbers. After which, I will cover the full year FY '23. The company has registered quarterly sales of INR432.84 crores in Q4 of FY '23 as compared to INR483.52 crores over same quarter last year.

This decline is due to a 25% drop in production volume of our key customer, Honda. The EBITDA in Q4 was INR60.21 crores translating into an EBITDA margin of 13.91% as compared to INR62.78 crores over same quarter last year with EBITDA margin of 12.98%.

The PAT of the company has also increased to INR38.05 crores as compared to INR32 crores in quarter 4 of FY '22, representing an increase of 18.9%.

Now I will briefly cover the number of full financial year '22-'23. During FY '23, the company has achieved net sales of INR1,834 crores as compared to INR1,558 crores in FY '22, representing a growth of 17.7%. EBITDA stood at INR247.85 crores being 13.51% as compared to INR193.45 crores being 12.42% during FY '22. This is a jump of over 28%, driven by higher sales.

PAT of the company stood at INR139.63 crores as compared to INR95.26 crores during FY '22, which is higher by 46.5%. I am happy to report that we are a debt-free company. During the year, the company has made a capex of INR54 crores. As you are aware, the company has been consistently declaring higher dividend every year. In line with the same, I am also pleased to inform you that the Board of Directors have recommended a final dividend of INR30 per share for FY '22-'23.

With this, I end the financial brief and now the floor is open for question-and-answers. Thank you.

- Moderator:** Thank you very much. We have our first question from the line of Aashin Modi from Equirus.
- Aashin Modi:** Congratulations on a great set of results. Sir, my first question is regarding this Gogoro agreement. Could you please provide us with some time lines on this? And what sort of a value addition will we do? And if you could tell us what sort of a customer base we target, what sort of a -- in terms of revenue addition do we target from here?
- J.K. Jain:** Rajesh.
- Finance Team member:** I think, Mr. Rajesh Sharma is actually in Tokyo. He'll take the question on... Rajesh, go ahead please.
- Rajesh Sharma:** Yes. As Mr. Jain has already covered in his speech about Gogoro product line, what we did is because we have already developed the automotive lighting, especially headlamp, taillamp and blinker for their 2 models that will be exclusive for India as well as export market. Further on, the partnership, which is being defined that is for hub motor assembly, motor controller and ECU. These are the 3 components for which we have already started the assemblies and might be in August, this production line will be started to a ramp-up condition.
- Aashin Modi:** Okay. Okay, sir. And sir, my next question is on the order book. We had said that last quarter order book was around INR850 crores, INR900-odd crores. So if you could tell us how much is the new orders? And how do you see the ramp-up of this order book in the next 2, 3 years?
- Finance Team member:** Yes. So the order book is actually around INR950 crores today and it's ramping up well. There is -- we've mentioned that we have close to 28 customers in the EV segment alone, where there is a lot of work happening. So overall -- and this is over and above the existing customer plus we have -- we are beginning with Hero Group as well, which we've informed here in the past. So overall, the order book is very healthy.
- Aashin Modi:** And sir, could you tell us how this would ramp up in the next 2, 3 years? We are talking about adding 3 new models of Yamaha and also starting with Hero. So if you could tell us how it will shape up in FY '24 -'25? New order...
- Finance Team member:** So specific numbers, we won't be able to give you. But overall direction, we are giving you the new customers that have been added and specifically with regards to Hero and the EV segment, which are new. But -- and overall guidance we've given in terms of the order.
- J.K. Jain:** Basically, we are very bullish on that.
- Aashin Modi:** Okay. So we expect to outperform the industry by 10%, 15% in the next 2, 3 years?
- Finance Team member:** Yes. That we have always maintained that we will outperform the industry given our diversified mix that outperformance, we are pretty confident.

- Aashin Modi:** And sir, our LED contribution this quarter increased to 60%, 65% so was it because of the customer mix, which changed? And what sort of a number do we see in FY '24 and '25, LED mix in the whole lighting piece?
- Arvind Chauhan** Yes. So this LED is 56% in quarter 4, this is, as you rightly said, this is because of mix of customer sales. But on overall year basis, this is 49%.
- Aashin Modi:** And what sort of a expectation do you have for -- based on our orders in '24 and '25?
- Arvind Chauhan** So as we already, you know in last calls also, we already said that in next 2 - 3 years, it will be increasing and near to 60% will be very soon.
- J.K. Jain:** 75%.
- Arvind Chauhan** Yes. So it is on increasing trend.
- Aashin Modi:** Okay, sir. And sir, on the margins front, our margins have continuously improved, so could you give us some sort of a guidance on what sort of a margin do we expect going forward?
- Finance Team member:** Yes. So I think in the earlier past, we were, I think, more towards 12.5%, 13%, but I think the recent performance you've seen this quarter has been exceptional in terms of margin but from guidance perspective, we would like to maintain around 13.5% as we go forward.
- Aashin Modi:** And sir, lastly, so we have added Vineet sir to our team. So what sort of a ramp-up in 4-wheeler do we see? What sort of a technology addition do we need? And how much time will you take if you want to venture into 4-wheeler?
- Vineet Sahni:** Yes. Thank you for the question, Vineet this side. I have just joined in. And I am bullish about the trends in 4-wheeler industry. We have started knocking the doors. Too early to say anything on this but we are very positive in this direction. And we will get a good customer response because of my experience and old relationship with the customer.
- Moderator:** We have our next question from the line of Piyush Jain from NX Wealth Management.
- Piyush Jain:** My question is also on the similar lines on the earlier participant asked. First, I wanted to understand what is the size of opportunity which we are seeing with the partnership of Gogoro? And what type of margin this business will have and what type of capex requirement will be there? Second, what is our capacity utilization and as -- with Vineet sir, penetration which we'll be able to get some 4-wheeler customer? Then is there any further capex will be required to ramp-up the -- for 4-wheeler requirements?
- J.K. Jain:** Yes. Basically, with regard to the Gogoro, we are just starting and we have informed earlier. So as soon as, we'll be start by August onwards. So basically, it will be -- initially, it is going to be CKD and which we are going to indigenize in a phased manner. So that is what about it.
- Finance Team member:** Yes. And on your specific question around numbers or capex, let me just state that Gogoro, as you know, in India, they are focusing around the B2B segment significantly. And there is a large opportunity there. So I think all of these are something which will evolve over the next couple

of months. And then there will be a joint -- there will be investment around it but it is early to comment on that. But we see a very large market opportunity.

Piyush Jain: But any ballpark -- any estimate, something because generally in automobiles, whenever we are tying up with any new customers, something, we need to do some capex also. Is there any capex also requirement which we need to do for this motors...

Finance Team member: Yes, there is definitely capex that is happening as we speak but those are not significant numbers. What will happen is that this will ramp up to a large number, which is what we are finalizing.

J.K. Jain: No, we are in the process. We are estimating this. We'll come back to you in the next quarter on this.

Piyush Jain: Okay. And this will be similar to the margin currently Fiem Industries is doing or it could be on the higher or lower side?

Finance Team member: Similar margins, as such.

Piyush Jain: Similar. Okay.. The other question was on 4-wheeler. Again, for that business also, do we need to do any capex or our facility is still enough to achieve some X number of the revenue?

Vineet Sahni: This is Vineet this side again. See, it is too early to decide on capex because 4-wheeler, as you know, is a long lead time business. First, you need to get orders and you have to develop a product. So we are working out our strategy. At appropriate time, we will keep you updated.

Piyush Jain: Okay. So can we get this data? Like currently, we have closed this year around INR1,850 crores turnover, without capex, can we give our capacity, how much is the turnover we can achieve in next 1 or 2 years? Or what is our -- right now facility can we deliver, what type of number?

Finance Team member: So our current capacity, our estimate is that this can easily -- our current capacity can take us to INR2,300 crores to INR2,400 crores turnover, that ballpark figure. But that is also variable. It really depends on the product composition. And with the LED content also going up, all of that could mean a higher turnover as well. But organical growth, we are well positioned. We have enough capacity to take care of that. But all the new initiatives that we are talking about, though they will require some capex but those are things which are being crystallized, as we speak.

Piyush Jain: And what is our current EV percentage share on the overall top line?

Finance Team member: It's still 5%-or-so.

Piyush Jain: So have you seen any demand subdued with respect to -- because there's lot of things going on with respect to FAME subsidy and all. So have we seen any truncated schedule or something or some subdued demand on the EV spend side?

Finance Team member: So it's been customer specific. There have been some customers which have been impacted significantly and there are other customers who have gone up. And so from that perspective, if you look at between FY '22 and '23, the EV sale has gone up by 2.5x, 250% but there is some impact on a few customers, which you are all aware of.

Piyush Jain: Okay. And the last question from my side. Are you supplying for TVS iQube specifically or we are not supplying for that model?

J.K. Jain: Yes. We are under development. And I hope in the next few months, our supplies will start with iQube.

Piyush Jain: And sir, earlier also we have given some guidance that we will be starting some 2, 3 models for Hero. So any development on that front, when we will or already started..

Rajesh Sharma: Yes. Hero, 1 model -- 1 product is already started. And last month, further on the new model, which is being launched by Hero that will be started from August first week.

Piyush Jain: This is ICE or...

Rajesh Sharma: Sorry?

Piyush Jain: This is IC engine model or EV model?

Rajesh Sharma: These are all IC engines. EV model is under development right now. EV model will be soon launched by end of this year.

Piyush Jain: For that also Fiem will be the partner?

Rajesh Sharma: Yes.

Piyush Jain: Okay. And last question. This Harley-Davidson and in Yamaha how much we did in the full year FY '23 as compared to '22?

Arvind Chauhan: See, for -- you are asking about 2 specific customers, right, Harley-Davidson and Yamaha?

Piyush Jain: Yes.

Finance Team member: Just 1 minute. So for the full year Yamaha is approximately INR280 crores, which is 15.3% of our revenue -- of our sales and Harley-Davidson is INR38.15 crores.

Piyush Jain: Okay. Any significant ramp-up is expected in Harley-Davidson?

Rajesh Sharma: No. As of now...there is..

Arvind Chauhan: Yes, Rajesh ji, please continue..

Rajesh Sharma: Yes. There will be growth but not significantly because the models and volumes are not so high. We are exporting from here to U.S. as well as to Thailand and those models are all high -- higher CC models.

Piyush Jain: Okay. Just last thing, do we have a different margin in export business as compared to domestic business or margin trajectory is the same in -- whether it's Harley-Davidson or Hero or TVS?

Arvind Chauhan: These are same.

- Piyush Jain:** Great set of number and continue, we are delivering the great set of numbers. Congratulations and all the best for the future.
- Rajesh Sharma:** Thank you very much.
- J.K. Jain:** Thank you.
- Moderator:** We have our next question from the line of Swarnashish Chatterjee from Asterisk Capital.
- Swarnashish Chatterjee:** I have 2 questions. One is regarding the Hero. So we are supposed to ramp-up from quarter 1, so what kind of contribution Hero should give Fiem this financial year?
- J.K. Jain:** Yes. As informed earlier, we have just started -- so we are very bullish that the things will be very good in -- going to the future because already 3 projects are with us. So future will be very bright.
- Swarnashish Chatterjee:** Okay. And my other question is regarding the new tie up, regarding the hub motor, ECU, MCU. Shall we see revenue in next financial year, I mean FY '25?
- Rajesh Sharma:** This is for hub motor and motor controller?
- Swarnashish Chatterjee:** Yes, yes.
- Rajesh Sharma:** Yes, we can see this revenue in next year. .
- Swarnashish Chatterjee:** Next means, financial year '25?
- Rajesh Sharma:** Yes.
- Swarnashish Chatterjee:** Yes. Okay. And another thing is, as Vineet sir has joined from Lumax, is there any chance we can have a talk with Bajaj also?
- J.K. Jain:** Can you...
- Arvind Chauhan:** Can you come again, please? Your voice is not clear.
- Swarnashish Chatterjee:** Yes. My question is, Vineet sir has joined from Lumax. So that is only to penetrate the 4-wheeler industry or we can have a talk with Bajaj also for supplying?
- Vineet Sahni:** So the responsibility will be overall growth of Fiem that is my responsibility and with a special focus on 4-wheeler industry because that will require special efforts from our side.
- Moderator:** We have our next question from the line of Darshil Pandya from Finterest Capital.
- Darshil Pandya:** Sir, I just wanted to understand how is June quarter looking like. As you know, historically, it has been a bit of weak quarter.
- Arvind Chauhan:** Yes, please excuse us. We are talking about the year ending, which is last year, not the current quarter. It will be appropriate time to talk about this quarter in only on the con-call of next month.

- Darshil Pandya:** Okay. No, I'm just asking as to how the quarter has been going, that's all.
- Finance Team member:** No, that means same thing. Please excuse us.
- Moderator:** We have our next question from the line of Sahil Sanghvi from Monarch Network Capital.
- Sahil Sanghvi:** Congratulations for good set of numbers. So my first question is regarding the reasons for margins crossing 13%, 13.5% again. So is this just because of scale efficiencies and I mean, utilization efficiencies? Or is there any other reason why you get to clock such margin?
- Arvind Chauhan:** Yes, you rightly pointed out. But the main reason is we got escalation from -- for previous quarter from -- that is also the reason of this increased margin.
- Sahil Sanghvi:** You mean price escalations, right?
- Arvind Chauhan:** Yes, yes.
- Sahil Sanghvi:** Okay. Okay. And what is the direction moving ahead? I mean, will we see some price correction going ahead or will we further have price escalation?
- Arvind Chauhan:** See, we maintained 13.5% margin. So this already -- we -- means we already shared this kind of guidance.
- Sahil Sanghvi:** Right, right, sir. And second question is to Vineet sir. Congratulations sir on your new responsibility now. I just wanted to understand, sir, what is required for us to break in into the 4-wheeler industry, sir? I mean I believe these, I mean, the way these things work out is, there is a long relationship that has been developed. So how do we aim to break in, in this industry?
- Vineet Sahni:** Yes. So that's a good question and thank you for welcoming me. See, as you said, 4-wheeler requires a particular strategy. All of us at Fiem are working on that strategy. We are clear to make roadways into -- inroads into these customers. And we are also getting positive response from them. So we are working on technology, on the relationship, on the partnerships, so there are various routes we are working on to make headway into 4-wheeler industry.
- Sahil Sanghvi:** Right, sir. Right, sir. My third question is regarding the capex guidance for FY '24. So we had capex in one of our plants. Are we going ahead with that capex, INR60 crores, INR70 crores that we wanted to spend in one of our plants?
- Finance Team member:** Yes. Over the next 18 months, we expect INR75 crores to INR100 crores capex that is likely. And that is part of some regular expansions related to clients plus other capacity enhancements. So this doesn't include anything else, whether it's 4-wheelers and others, which is all work in process.
- Sahil Sanghvi:** Right, right. And my last question is, previously in the, start of the call, we were told that we will start some production for Gogoro in August. So that means we could garner some revenues in FY '24 itself? Just to get...

- Arvind Chauhan:** Yes, this -- means, August onwards the supply will start, so definitely, there will be some revenue.
- Moderator:** We have our next question from the line of Krishna from Niveshaay.
- Krishna:** Yes. Congratulations on our great numbers. So as the previous participant was asking on the capex. Previously in one of the calls, we had guided that we are doing -- we would be doing about INR50 crores, INR60 crores capex that can give us a asset turnover of 6x. So is it the same capex we are talking about or it's a new capex?
- Arvind Chauhan:** No, I don't know. I mean, we have never said that we are doing the INR65 crores capex. But actually, that was the estimation we given, that's next 24 months, our capex estimate is around INR75 crores to INR100 crores. As far as asset turnover -- yes, it is always based on the full gross block, not on specific capex.
- Krishna:** Okay. And asset turnover, you were telling about, what can we expect...
- Arvind Chauhan:** It is same 2x.
- Krishna:** 2x.
- Arvind Chauhan:** Yes.
- Krishna:** Okay. And sir, I joined the call a bit later. So if you've already answered, you can skip it. So what's your view on the current electric 2-wheeler market because of the subsidies ban and everything?
- Finance Team member:** So what is happening in the market, you are seeing that there is some amount of issues regarding FAME subsidy challenges. It has impacted...
- J.K. Jain:** EV segment.
- Finance Team member:** EV segment. It has impacted a few customers significantly. Some of the others are still going ahead. So we -- our belief is that these are all short-term blips. I think eventually EV industry is here. It is growing. It is serving a certain customer need. So there is going to be growth and a significant growth. So that -- as you look at it in the next 18 months context, it is not going to be relevant. These challenges will come and go, is what our belief.
- Moderator:** We have our next question from the line of Sriram R, an individual investor.
- Sriram R:** I have 2 questions. One, on the industry side. I mean, like, in -- if I look back in FY '14, we did about 1.5 crores of volumes. And today, we are at 1.58 crores. So I mean, for the past -- the last decade, 2-wheeler industry has been stagnant. So I just want your views on what is going to be the demand driver for the industry as such, whether it's electric or ICE, what would be the growth engine?
- And my second question is on the new unit which is going to come up for the EV business, where will it be, I mean, the location of the unit, just want to know.

Finance Team member: So on the industry front, you're absolutely right. The 2-wheeler industry has gone through some stress. We are still 20% to 25% lower than the peak industry volumes, which were there pre-COVID. So we haven't got there. The reasons... the number of reasons... over the last couple of years, be it COVID, be it the safety measures, which were there, which has increased the cost of input, I mean, the final product but all of that seems to be now coming together. And what we see is that over the next couple of years, this growth is going to be there.

The fact that we are still below those peak industry volumes means there is a long way ahead for us. So we think, as we mentioned also, double-digit industry growth seems very possible. And in fact, the industry could surprise at the upside because there is enough availability of finance, vehicle demand is coming back. So all the ingredients are there for the industry to do well.

Within that, EV will also be a driver. But if you look at the overall industry, volume, first that has to grow and EV will continue to take some share out of it. So we think that next couple of years, we should see robust demand at the industry level. And the other question was related specifically to Gogoro, you were asking or where...

Sriram R: Gogoro.

Finance Team member: Like location of factory?

J.K. Jain: Location, Rajesh?.. It will be in Maharashtra!

Rajesh Sharma: No, no, they are talking about our location. So we will be expanding our facilities in Tapukara plant only.

J.K. Jain: Yes.

Sriram R: Okay. Okay. And sir, just on the industry side, I mean, like what is giving you that confidence for the double-digit industry growth? I mean, where are the green shoots? Just want some pointers on that. I understand that you're expecting a rebound in volumes but that is fine. But just want to understand where you're coming from?

Finance Team member: Yes. So first is, you see what the industry has done over the last 1 year. I mean a 17.5% domestic volume because what you are seeing is, the export market is still being hit. So which is why you see the production volume still moderate, right? But domestic volumes are picking up. The rural side, which is a large constituent and you could look at segments like MFIs, you could look at some of the others, all the rural demand seem to be stacking up well for this segment. And the financing is available.

And in the past, there have been several changes regarding BS-IV, BS-V and BS-VI and all the norms which were being put up, which increase the cost of the vehicle. I think that is also being moderated. So on the ground, a couple of quarters here and there, we do see those blips all the time. Last quarter, from a industry perspective was not so great. But as we look 12, 18 months, we feel that the volume should grow.

- Moderator:** We have our next question from the line of Swarnashish Chatterjee from Asterix Capital.
- Swarnashish Chatterjee:** Sir, the Gogoro production is going to start from August but will that be pilot production and we will need approval from EV OEM, only then the commercial production will start?
- Rajesh Sharma:** No, this -- the homologation and all, whatever regulatory requirement, is already completed. So August will be ramp-up only. Of course, it will be not a mass production but ramp-up plan will be there.
- Moderator:** We have our next question from the line of Smit Shah from Monarch Network Capital.
- Smit Shah:** Sir, can you please share the wallet share of our key customers for FY '23?
- Arvind Chauhan:** So -- this we share for our top 4 customers. And this is on yearly basis. So for FY '23, this is for TVS headlamp is 68%, taillamp is 86%, blinker is 85%, rearview mirror is 62% and DRL, we are 100% and license lamp, 95%.
- For Yamaha, our headlamp share is 83%, taillamp is 63%, blinker is 10% and rearview mirror is 82%. Yamaha position lamp, we are 50%.
- For Suzuki, headlamp we are 71%; taillamp is 71%; blinker is 4%; rearview mirror 100%. Suzuki, for RR 100% and license lamp also 100%. HMSI, headlamp is 40%, taillamp is 76%, blinker is 85% and rearview mirror 100%. RR and position lamp also 100% for HMSI.
- Moderator:** We have our next question from the line of Aashin Modi from Equirus.
- Aashin Modi:** Sir, I just had 1 question. We mentioned that our key customer HMSI is facing some production issues. Could you please highlight what is the situation currently? And if you know when it is expected to normalize?
- Finance Team member:** I think what we did mention was that last quarter, the volumes dipped at HMSI but eventually, the reasons -- there was no production issue that they have, no, there were certain other issues but they are best equipped to handle. We see normal business trend this quarter.
- Moderator:** We have a question from the line of Sriram R, an investor.
- Sriram R:** You mentioned that the new unit is going to come up in Tapukara, right, this is in Rajasthan, correct?
- J.K. Jain:** Yes, please.
- Arvind Chauhan:** No, no. This -- what we informed that we will be expanding the capacity in Tapukara. Tapukara is a big plant, so we are expanding the capacity over there, yes.
- Sriram R:** Okay. Okay. Sir, I'm just wondering, so the EV manufacturers, I mean, Hosur is slowly becoming a EV hub. Any -- I'm just wondering why the plant is set up over there and -- or you are going to cater to Northern Belt or something like that?

- Rajesh Sharma:** No, no. It is not like EV. We were talking about Gogoro first. But EV because product line is common for ICE and EV and we have been supplying from all the plants, wherever it is required, we will be capable to supply, from South plant, South customers we are catering from our South plant. North customers we are catering from our North plant.
- Moderator:** We have our next question from the line of Kripashankar Maurya from Choice Equity Broking.
- Kripashankar Maurya:** I just want to understand the content value, which we're going to supply to Gogoro for all the products, I mean, that figures.
- Finance Team member:** Yes, what was your question again, content for Gogoro?
- Kripashankar Maurya:** Yes. The content value you're going to supply to the Gogoro for the new product, what will be the content value?
- J.K. Jain:** We have already informed you that the total kit is going to be around INR15,000 to INR18,000 per vehicle.
- Moderator:** We have our next question from the line of Mayur Bapoadara, an individual investor.
- Mayur Bapoadara:** Congratulations on good set of numbers. I just wanted to ask regarding how much it is difficult for customers to change to another partner and what is our competitive advantage in this industry?
- J.K. Jain:** Can you repeat again?
- Arvind Chauhan:** Sorry, your question is, we could not understand your question, actually.
- Mayur Bapoadara:** Okay. So let me repeat my question. I'm asking regarding how much it is difficult for our customers like Hero or TVS to change the vendor, once they are with us -- working with us, how much it is difficult for them to change the vendor?
- Vineet Sahni:** Yes. Okay. So see, there are a lot of ethics and policies, which work with our customers. So it is not changed at random. So there's lot of investment that happens in consultation with our customer. So it is not that they can change any vendor so easily. And it is a very planned process and we grow with our customers, always.
- J.K. Jain:** Moreover, the tooling belongs to the customers. So unless there is a big problem with the manufacturer, then only in that case, some changes can take place. So basically, it depends on QCDDM, as long as you are there or you meet all the parameters, there is no threat to the company.
- Vineet Sahni:** Quality, cost, delivery, development and management they are the key parameters and our organization is very equipped for meeting these requirements. So we continue to grow with our customers.
- Moderator:** As there are no further questions, I now hand over the call to management for closing comments. Over to you, sir.

J.K. Jain: I appreciate everyone's participation in the conference call and I hope that we have provided satisfactory answers to all your queries. If you have any further questions, please don't hesitate to contact us. Thank you and have a good day.

Moderator: Thank you. On behalf of Monarch Network Capital, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Note: For sake of clarity, transcript has been corrected as per audio, post receipt from Chorus Call.