

August 17, 2024

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

Dear Sir,

Sub: Q1FY25 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 August 14, 2024 to discuss Operational and Financial performance of the Company for Q1FY25. 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
Q1 FY'25 Earnings Conference Call
August 14, 2024



COMPANY MANAGEMENT

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

HOSTED BY

MR. SAHIL SANGHVI – MONARCH NETWORTH CAPITAL

Moderator: Ladies and gentlemen, good day, and welcome to Fiem Industries Limited Q1 FY '25 Earnings Conference Call 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 touch-tone 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 date of this call. These statements are not the future guarantees, performance and involve risks 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, sir.

Sahil Sanghvi: Thank you, Laiba. Good evening, everyone. On behalf of Monarch Network Capital, I welcome you all to the Q1 FY '25 Conference Call of Fiem Industries. We'll start the call with the initial comments about the results and the future outlook of the company, and then we'll open the floor for questions and answers.

Now I hand over the call to Mr. J.K. Jain, Chairman and Managing Director of the company. Over to you, Jain sir.

J. K. Jain: Thank you. Good afternoon to everyone and welcome to the Q1 FY '25 Earnings Call of the Fiem Industries. Joining me on today's call are Rahul Jain, Joint Managing Director; Rajesh Sharma, Joint Managing Director; Vineet Sahni, CEO and Director; Arvind Chauhan, Company Secretary, O.P. Gupta, CFO; and other members of the finance team.

The investor presentation and the results have been published on both the company website and the stock exchange. I do hope that all of you have reviewed the same. We have commenced FY '25 with a very strong performance, our revenue for first quarter are up by 22% on year-on-year basis. This growth has been driven by a strong performance across our OEM customers.

The revenue growth has also complemented by a robust operating performance. The EBITDA margin stands at 13.7% and the net profit has grown by 35%, reflecting our strong execution capability. The 2-wheeler industries is experiencing strong growth, the production volume have reached 5.9 million units in Q1 FY '25 growing by 20%. This performance is reflective of the improved customer sentiment and higher rural demand.

We have always maintained that 2-wheeler industry is poised for strong growth and that this is being out in the current year. July numbers for the 2-wheeler industry also reflects this robust trend in our OEM volumes. We believe this growth will continue through the year and industry will achieve new heights.

During the quarter, we opened a new R&D centre in Japan and also expanded our design team. This will enable closer collaboration with our Japanese customers.

We are confident that these steps will drive substantial business growth. Our new product pipeline remained exceptionally strong and robust. Notably, we have commenced supply to Royal Enfield New Classic 350 CC model, for LED head lamps, tail lamps, trafficators and pilot lamps. We are also collaborating with TVS on the recent launch Apache RTR 310 a premium bike for Indian market. This also being launched globally.

The EV volume segment experienced moderate volumes during this quarter. We anticipate the industry to get back to its growth momentum. We continue to be a dominant player in EV segment serving more than 30 OEMs and are optimistic about the growth prospects in this segment.

In the Passenger Car Segment, we continue to make new strides. I am pleased to inform you that we successfully delivered the first project to Mercedes. We have also received the second order from them for a head lamp and a tail lamp for their new development project. This quarter also had a good inflow of RFQ from the significant passenger car customers. We are also working on these RFQs and will make all efforts to convert these into business opportunities.

As part of the development, one of the important customer also audited our Tapukara plant and approved the same. This is the third successful audit and approval of the Fiem manufacturing facilities by the passenger car customers. As we look ahead for FY '25 and beyond, we are very well positioned and remain optimistic about the future growth prospects.

I now hand over to Mr. O.P. Gupta and the finance team to update on the operational performance. Thank you.

O. P. Gupta:

Thank you sir, Good afternoon to everyone. I would like to present the Q1 numbers for FY '25 and comparative performance with corresponding quarter of last financial year. Company has registered a sale of INR573.61 crores in Q1 as compared to INR470.71 crores, registering a growth of 21.86% on year-on-year basis. The share of LED lighting in total automotive lighting is 55%. The EBITDA in quarter is INR78.77 crores, translating into an EBITDA margin of 13.73% as compared to INR61.65 crores over same quarter with EBITDA margin of 13.1%, reflecting an improvement of 64 basis points.

During quarter 1 of FY '25, the PAT of the company has increased to INR49.2 crores as compared to INR36.44 crores, representing an increase of 35.02%. During the quarter, the company has made a capex of INR28.42 crores. With this, I end the financial brief and now the floor is open for question and answers. Thank you.

Moderator:

The first question is from the line of Gagandeep from Nvest Analytics Advisory.

Gagandeep:

Congrats for a good set of numbers. My first question is on the hub motor side. So can you please provide an update on the segment of this company including the recent developments in the demand environment for Gogoro vehicles?

- Management:** Yes, Gogoro vehicle as of now after their first 5,000 numbers of volume, they are again be working for their internal to reduce the overall prices of Gogoro motor cycle, and they will be launching further with a new generation 2 battery for B2B and B2C segment both.
- Gagandeep:** So how do you see this segment of ours, like Hub Motors going to shape up in FY '25 and FY '26, sir? And how much...
- Management:** This should of course in FY '25...
- Gagandeep:** Sorry?
- Management:** FY '25 will start with the volume and it will be go further by 2026, FY '26.
- Gagandeep:** Okay. Got it, sir. So how much investment we have already made towards this segment?
- Management:** INR35 crores, approximately.
- Gagandeep:** And can you give -- put a number in terms of CR, like how much you are going to contribute this year?
- Management:** This is too early to give the numbers because they are still testing in the market. These are small number of vehicles are there right now. So it will really depend on how the demand shapes up. So the next 2 quarters, we'll be able to figure out, how this product moves forward.
- Gagandeep:** Understood, sir. And sir, like you mentioned 2-wheeler industries is going good. But just if we go down the industry. So what is the outlook for the electric vehicle, sir?
- Management:** So electric vehicle, as we mentioned, the current quarter has been subdued, but there is no reason to expect that the long-term trajectory, the current penetration of electric vehicle is closer to 5%, under 5%. I think long term, this trend is definitely going upward. The challenge is that industry is facing is some frequent changes in terms of government subsidy, which have been progressively moving sort of down. However, sort of equilibrium will come and there is overall, over the next 3 to 4 years, the percentage will move up significantly.
- Gagandeep:** And sir, we reported a 21% growth this quarter. So -- and the industry is also doing good. You are saying that for the rest of the year also, we are expecting a good demand outlook. So can we expect this kind of trend Y-o-Y growth is going to be there in FY '25 over FY '24?
- Management:** So FY '25, we are saying outlook remains strong. All segments are doing well. The rural demand is back. So there is no reason to think that this is a temporary growth. We think it will continue through the year.
- Moderator:** The next question is from the line of CA Garvit Goyal from Invest Analytics Advisory.
- Garvit Goyal:** Sir, my question is already answered.
- Moderator:** The next question is from the line of Ashutosh Tiwari from Equirus Securities.

Ashutosh Tiwari: Congrats on very good numbers. So firstly, on this Classic 350 that you mentioned, were you supplying for earlier model as well, or is a new order for this platform?

Management: This is a new order for us. Because earlier was conventional with the bulb type. Now this is the LED, all products are in LED, it is being already started supplying to them.

Management: Fully LED lamp.

Ashutosh Tiwari: No, my question is that were we supplying the Halogen lamp early also to them for the early models?

Management: No, we were not supplying for earlier model.

Ashutosh Tiwari: So it's completely new and is fully with us, this Classic 350.

Management: Yes, 100% with us.

Ashutosh Tiwari: This should be a large revenue driver for us from RE side, in that case, because this is large selling volume model for them, right?

Management: Exactly, right.

Ashutosh Tiwari: Okay. Okay. So this is one good news. Sir, can you talk about TVS model as well, which was that model?

Management: TVS, this is Apache RTR 310 CC, which is a premium segment vehicle, which is launched here in India as well as they are expecting very good volume from global market.

Ashutosh Tiwari: And I think we are supplying earlier also for this, or this was some other company.

Management: Apache all models. Apache 225, Apache 125, all models are being supplied by us only. This is a premium model 310 CC, which is being also added into that portfolio.

Ashutosh Tiwari: And in a vehicle like.. lastly, I mean because it completely LED lights you mentioned, I mean just a broad range, what could be content per vehicle a broad range?

Management: Contents are always be around 2,000 to 2,500 complete vehicle set or up to 3,000.

Ashutosh Tiwari: For LED?

Management: Yes. For all lamps, head lamps, tail lamps, trafficators and pilot lights.

Ashutosh Tiwari: Okay. And this is Classic is completely 100% sourcing from us only? Okay.

Management: Yes.

Ashutosh Tiwari: And on the passenger vehicle side, you mentioned, I missed that statement, you successfully delivered one lot to which countries earlier you mentioned?

- Management:** This is Vineet this side. For passenger car, we got an order for the development project of Mercedes. This was a front-light back, which we delivered through Mercedes India to Germany. So that was a successful execution of the project. And based on that experience, we have got now further orders, which we are executing now. And these are for development vehicles that is step-by-step progress that we are doing with Mercedes.
- Ashutosh Tiwari:** And just to understand, because obviously, we know our domestic market and how our journey has been. But generally, like we develop a development model, is there a chance in that case of really when the model launched, we get an entry. There are some other prolonged process for getting the entry eventually, into a model.
- Management:** So this is, as I said, step-by-step process, and it is a prolonged process to get entry into Mercedes, but the process is this only. So we cannot skip the process or shorten the process. So based on their experience, we will get RFQs for the small lamps, which we will have to demonstrate. And then we will be introduced to their headquarters, which is another step and then enter into the mainstream. So this is the process which we are following.
- Ashutosh Tiwari:** Okay, okay, okay. And you mentioned two more -- like you one more RFQ at one visit and approval as happened for the plant -- these are domestic OEMs?
- Management:** Yes. These are domestic OEMs. So, three passenger car customers have already approved our plant. This is a significant progress. That means they are willing to source products, quality products from our Tapukara plant.
- Ashutosh Tiwari:** And generally, the first entry will be in the interior lamp or even tail lamp we can get some entry into like to begin with...
- Management:** To begin with, we are moving with small light and also in interior light and certain technology products on which we are working with them. And then we have to move up the ladder to tail lamp and finally, to head lamp.
- Ashutosh Tiwari:** So what do you mean by technology product basically?
- Management:** We are working on four new technologies, which do not exist here at this moment. So we want to be the first supplier to OEM. And this is new technology in lighting that we are working alongside with some OEMs.
- Ashutosh Tiwari:** Okay, okay. So I think, obviously, as in these kind of new segment takes time. So can we expect that maybe in next 3 years, something -- I mean, something sizable can happen for us in...
- Management:** You're absolutely right. That is the target we have set for ourselves. Normally, it takes time. It has a higher gestation period. But our approach is, one approach is on higher technology products. Other approach is on localization of imports and third approach is on providing them cost-effective solutions wherever they are having issues. So these are the 3 pillars on which we are working with our customers.

- Ashutosh Tiwari:** And you think that we can make a breakthrough in this segment without having any technology tie-up as well.
- Management:** Yes, we will have support of our partners but without going into any joint venture or any of such things, we will get a technology support from international partners.
- Ashutosh Tiwari:** So have you finalize someone or we are probably looking for it.
- Management:** Yes. Yes. We are already working with them for past more than 6 months.
- Ashutosh Tiwari:** Okay. So can we name them or just not disclose.
- Management:** No. We cannot. We are not able to name the partner and the technology now for confidential reasons, which you would understand.
- Ashutosh Tiwari:** Yes, yes, no issues on that. But I think making a good efforts on this side and probably, I mean, I had not expected -- especially make a progress in 4-wheeler, I know how competitive the market is, so that's really commendable efforts. And also, we opened the R&D centre mentioned in the Japan. So we already have Indian customers like HMSI and Suzuki and supply to Honda as well. So how this can help us further like Yamaha obviously big one. So how does this help in further expansion of our indoor into global OEMs. Just could you share some thoughts on that?
- Management:** When we deal with customers like Honda and Yamaha, the development process starts very early. So a collaborative approach is a must and the communication between Fiem and their engineering is extremely important. Get that opportunity of future technology products, which will be for global market, not only for India.
- It is -- it was very important to associate closely with these customers. And therefore, in that office, we also have Japanese people, design engineers who will be collaborating with the counterpart in our customers. So this has added strength to our design capabilities and will give confidence to our customers like Honda, Yamaha, Suzuki and many more to develop new products for future.
- Ashutosh Tiwari:** Okay. And I think we are seeing some -- like Yamaha revenue improved from the last quarter itself in Q4 and now we're seeing stabilization. Can we expect a further ramp-up in that in terms -- if you can highlight any new models being developed or maybe if we're going to plan and launch something, supply something new for your models in Yamaha side.
- Management:** Yes. Yamaha as of now we also discussed last call, there are 10 different models wherein we are working, not only for domestic or global models to and next quarter and next to next quarter, we can see some 3 odd models will be launched and will be in the market of Indian market as well as for the export market.
- Ashutosh Tiwari:** You want to say in the second and third, fourth quarter.
- Management:** Yes.

- Ashutosh Tiwari:** And this will be like a completely new model in or maybe some of the replacement of the older model that you supply to.
- Management:** There will be both, facelift also and new model too.
- Ashutosh Tiwari:** So on -- especially on the export side, like three models you're saying to be launch will it, like say, [inaudible 0:22:04] which are like it is one or two for domestic and how it is -- how many export models are there in this -- the overseas model.
- Management:** All models, because the lights, which is being developed for Yamaha, the regulatory requirement is meeting for all the countries. So it is all the models will be applicable for domestic as well as for export market.
- Ashutosh Tiwari:** And with this launch, will the content increase further or is similar to what you're supplying today.
- Management:** It will ramp up. Of course, it will ramp up slowly and gradually, will increase the overall contents also.
- Ashutosh Tiwari:** So Yamaha will again be on growth path for next year if these orders we launched for the coming quarters?
- Management:** Yes, we are hoping so.
- Ashutosh Tiwari:** Okay. And lastly, on the cash. Sir, how much cash we have write now on the balance sheet?
- Management:** As on end of the quarter, this is INR235 crores.
- Ashutosh Tiwari:** And any thought process of utilizing this, if you can light how much capex you want to do this year and any thoughts process on this cash utilizing going ahead?
- Management:** I think, we have highlighted that there is a significant effort going on, on the 4-wheeler side clearly and there are certain other opportunities also that we are discussing, okay. But at this point of time, it's not crystallized. But we do expect that this cash flow would help us when we take some of those big initiatives. But as of now, we don't have a concrete plan on that right now to share with you.
- Ashutosh Tiwari:** Any capex for this year?
- Management:** Around INR100 crores for this year. And overall, there is INR250-odd crores that we expect over the next 2 to 3 years.
- Ashutosh Tiwari:** Okay. And this will be mainly towards capacity expansion only and the development?
- Management:** It's a combination, yes.
- Moderator:** The next question is from the line of Darshan Shah from Multi-Act Equity Consultancy Private Limited.

- Darshan Shah:** Congratulations for the good set of numbers. So I had one question related to the Hero business that we have won. So we were planning to launch around 6 models. So any update on that?
- Management:** Yes, two models are already in production right now. One is at 440, which is collaborated with Harley-Davidson, where in another two models will be launched in the next 2 quarters. And further on other projects, which are under development right now, it will be coming for FY '25.
- Moderator:** The next question is from the line of Dishant Jain from Quasar Capital.
- Dishant Jain:** I'm audible, sir?
- Management:** Yes. Yes, please go ahead. Yes. We can hear you.
- Dishant Jain:** Sir, I just have a single question on the Honda customer. So is there an increase in the order share with Honda? Or are we got into the new -- have we got into the new products of Honda. Can you just clarify on the customer, sir?
- Management:** Yes, there are a lot many new projects which are coming out from the Honda. But as of now, we cannot disclose because these products are not yet being launched. It is under development. And the subsequent months, you can see some launches in the market.
- Moderator:** The next question is from the line of Nikhil from SIMPL.
- Nikhil:** Most of the questions have been answered. Just two clarifications. You said on the PV side, you already have a technology tie-up and you've been working with it?
- Management:** I said that we have partners. So we are projecting multiple technologies to our customers, and we are in the process of developing proof of concepts depending, which technology moves ahead, then we will formalize the agreements. Currently, we have MOUs with them.
- Nikhil:** And these partners are currently not operating in India because what we understand most of the lighting players already operating in India through their subsidiaries or through other tie-ups?
- Management:** So these partners are not operating in India today.
- Nikhil:** Okay. And secondly, on the Hero and so it's -- this is a broader question. See what I understand, there is the industry tailwind where we are looking at 2-wheeler industry itself growing. And on top of it, the new models which we are getting from probably Hero or Yamaha, which are getting launched. So do you expect our growth to be ahead of the industry by at least 3, 4 percentage points? How do you see over the next 2, 3 years?
- Management:** Our product mix and our customer mix is what makes us superior, and that has always been our strength. If you look at last 10 years also, when the industry has grown at a x percentage, we've always outperformed. So we continue to invest in new relationships, new product lines, be it Hero or like you highlighted, Yamaha for direct and indirect exports. So our mix allows us to outperform the industry. So even today that we continue to be confident that we will continue to outperform driven by these factors.

Nikhil: Okay. And lastly, over -- we have a mix of products, which could either be giving higher realization or will be getting higher volume. But at a company level because we don't generally share the volumes, but if at a company level, if I have to understand, the per unit realization what it was in 2018 and what it is today, what would be the kind of inflation we have seen because of mix change or price increases or whatever. But if we were at a benchmark of 100 today where we would be in terms of average realization.

Management: I think it's very difficult to answer one all-encompassing figure here. Any figure that we'll give you will be missing them. I think there is just so much nuances in terms of each product line within each customer, which products have sort of pulled well as compared to premium, low end.

So I think it's very difficult to give a specific number around this, but clearly, there is some amount of inflation that has been there over the last many years. And also, on one side, there has been a trend towards premiumization and at the same time the low end also is firing that we see in the last couple of quarters. So one figure will not be correct to sort of give to your question.

Nikhil: But overall, in our revenue mix, if we have to -- I don't know how we define premium for lighting for us. But if we have to understand how would the premium mix would have moved for us. Just a percentage mix and not exact number, but roughly where we were 5 years back where we are today?

Management: See, you see from the conventional to LED, the major factor of LED segment were in 2, 3 times of the cost value will increase. So that is a factor which can be calculated, but of course, premium models, it is totally be depend on the what all configuration customer is looking for their product. There is only head lamp, which is having high beam, low beam. There is a product which is having blinkers also and DRL also, position lamp also. These all factors are being given the positive and negative Impacts on the product.

Management: Yes. I mean just on that LED part, I think even in FY '20, our LED was under 40%, today it is 55%. That itself is a huge bump up, right? LED is anyway...

Nikhil: I appreciate that factor. What I'm trying to understand is that if I look at our long-term gross margins, we have been in that range of 40% even in 2018 and today also, we are around 39%, 40%. And I think you have explained earlier also that LED, the net gain or the gross margins are similar. It's only realization is higher. As a result, margin should be higher. But what I'm trying to understand that one on premium is increasing, LED is increasing.

So -- but our EBITDA margins are still in the 13, 14 level. So, is it like are incrementally disproportionately high investment behind EV or new models? That's why the EBITDA expansion is not visible. And so that's where I'm trying to understand that if EV mix, if the premium mix has increased, LED mix has increased. What is the kind of investments which we are doing that our EBITDA margins are still in the similar range?

Management: I think we've already maintained a higher realization doesn't translate into higher margin, right. So when we sell LED, it doesn't mean our EBITDA margins is more in our LED product

versus others. So your correlation that if you're selling more, more premium products or LED share is increasing, the only advantage we get is on operating leverage, which as the company grows, obviously, that is there. But other than that, at the product level, the margins are not fixed.

Nikhil: Investments are not related to that?

Management: Yes. Yes. Investments are not related to that. But it's not like we are making separate investment for premium products.

Moderator: The next question is from the line of Jyoti Singh from Arihant Capital Markets Limited.

Jyoti Singh: Congratulations on the good set of numbers. So I have a 3, 4 questions. First, what is the order size that we have for this year and our execution plan? And second, we are seeing increase in employee expenses. So that because of the salary hike annually? And third, what are expectations for Q2 as most of the companies expecting on the lower side because of the high leaves. And another on the PLI benefit side, we are getting anything on this Q2 for upcoming quarters?

Management: So order book, we -- I'll just explain you about order book for the next 2 years, we have more than 100 products available in our portfolio, which is to be developed for the different customers. And it is being up to INR800 crores of value [inaudible 0:34:00] And next question...

Your next question is about the employee cost. See, if you compare with the last financial year, it is in that same range. Rather because sales have increased, it is in the range of 14% only. Whatever is the incremental impact you are seeing, this is because of the annual appraisals and the new hiring for all our initiatives. So, these are the only reasons.

Jyoti Singh: Can you answer what are our expectations for the Q2 growth and the PLI benefits?

Management: So I mean we've already said that the outlook remains positive. The overall both for Q2 and for the full year, we see a positive trend in the industry. The overall environment seems to be very good. So beyond that, it's very difficult to give numbers. You will hear it more from the OEMs directly. And what was the last question.

We currently don't have any PLI benefit or scheme that we are availing. If there is any opportunity that comes by from government, we will examine it -- at this point of time, we don't have it.

Jyoti Singh: And sir, what are our expectations on the raw material side?

Management: Expectations means, what you meant to say... can you elaborate?

Jyoti Singh: I mean what are your view on the raw material side, sir.

Management: Raw material is going to stay stable in the current level. There is no volatility at this moment seen.

- Management:** But our prices are always...
- ...we have a back-to-back arrangements with the customer with a lag of around 3 to 6 months depending on the arrangements, so that is compensated mostly by the customers.
- Moderator:** The next question is from the line of Saurabh Chhatre, an individual investor.
- Saurabh Chhatre:** First, congratulations for a very good set of numbers. I have couple of questions. One is regarding the EBITDA margin. Obviously, the EBITDA margin is currently on the higher side of our guidance. So do we see that for the rest of the year, we can maintain this kind of margins.
- Management:** We are very bullish. We hope that we will maintain that.
- Saurabh Chhatre:** Okay. That's good to hear. Secondly, I wanted to understand, like for 4-wheelers, I mean, for the products that we develop for 4-wheeler segment and 2-wheeler segments, is there any margin difference between the two? Or do we -- like within 3 years' time, will there be any margin difference right now, maybe the volumes are less, and we cannot comment. But how are we -- what is our working target? Is there will be margin or it will be in the same vicinity?
- Management:** So margins would remain approximately at similar levels for 4-wheelers. The industry margins are the same. However, our efforts will be to make it better. That will be our direction because most of the facilities do exist in the organization. But currently, for guidance purposes, the margins are similar to the current level.
- Saurabh Chhatre:** Okay. Good. Good. And thirdly, just one last small question. For capex, we had said around INR100 crores. So -- and with the run rate of around INR100 crores this year. And if I heard the initial part of the call, right, we have already spent INR28 crores. So the rest of the guidance remain the same for capex as well plus there will be some operational opex as well, right throughout the year. So what will be the total cost? I'm trying to figure out like what will the total expenditure from our side or total price?
- Management:** Yes, the INR100 crores takes into account are ordinary capex as well. And overall, as we said, over a 2- to 3-year period, we said we will spend INR250 crores, INR300 crores. But this year, it should be around INR100 crores, all included.
- Saurabh Chhatre:** All right. And sorry, in that INR250 crores are we saying we'll be augmenting the capacity within our like existing plants? Or are we targeting new plants?
- Management:** It will be a mix of augmentation. It could also be some portion for 4-wheelers, some part of it. I think those are all things that are going to be executed.
- Management:** This includes the new factory for 4-wheelers.
- Moderator:** The next question is from the line of Shubh from RatnaTraya Capital.

- Shubh:** What is the fragment on potential revenues from Hero and a follow-up to the same thing, did you be supplying for the new subsequent models? Or would you also be supplying for the previous models that already exist for Hero.
- Management:** We are working as of now for all the new models, which will be coming out in the next 2 years. And these are all new models and the premium models where we are working for the new projects and new products also.
- Shubh:** Understood. Understood. And my next question is -- usually, LEDs have lower margins. But in your case, you are sort of making the same margins on LEDs and Halogens. Do you think this will remain for the 3-year or 4-year period?
- Management:** Yes, our margin guidance remains the same, what we have mentioned. And LED... already 55% of our portfolio is LED. So to that extent, it is not impacting our margins, yes.
- Shubh:** Understood. And then the last question. What is the split of order book in terms of LEDs and Halogens?
- Management:** All order book as of now is LED only.
- Moderator:** The next question is from the line of Karan Kokane from PGIM India AMC. .
- Karan Kokane:** Yes. Sir, I just had one question. So I can see that we have almost 30% of our revenues coming from HMSI and another 25% coming from TVS. So both of these OEMs have been doing quite well in the domestic 2-wheeler market, especially HMSI whose supply chain challenges have now been resolved. So given the fact that two-wheelers is expected to outperform the automotive industry and within that HMSI and TVS are doing particularly well. What is your expectation of revenue growth for FY '25?
- Management:** We are very bullish. We hope that this year, it is going to be very good.
- Karan Kokane:** But any range or any ballpark number or any multiplier of the industrial feed?
- Management:** See. Generally, we give a guidance that what we feel in the current environment, not just in the current year, it should be at 15%, 20%. Some years will be far more than that. Some years will be in this range. I think from a generic that's the only guidance we provide, but this year, it seems to look quite optimistic.
- Moderator:** The next question is from the line of Sahil Sanghvi from Monarch Network Capital.
- Sahil Sanghvi:** Congratulations for a really good set of numbers. My first question was, do we have any kind of update on the insurance claim? I mean it has been more than one year, what is -- what is the status on that? And when can we expect some development?
- Management:** So Sahil, regarding this insurance, we already informed -- we filed the insurance claim and this is under process. So it will take some time.

And second thing, our policy is on a reinstatement basis. So we are progressing very fast for reinstatement of all assets and construction of building is at advanced stage. So, maybe another 2, 3 months, it will be all over.

Sahil Sanghvi:

Got it. Got it. Secondly, I mean I want to just appreciate the pictures and all the descriptions you've showed on the new technology we're working on the first rampage of the annual report, that's really good. But can you tell us what is the development on those brands? I mean which stage are we what is the opportunity over there? What are we trying to achieve on these technologies like microarray light, and capacitive touch, ambient lighting.

Management:

Yes. So I would like to skip naming the technology on this forum, but we are working on certain technologies we had demonstrations and tech show that our customers and they were very much appreciated by customers, and they have given us project to develop proof of concept of the technology, which are already in progress, and at various stages, some are ready, and some are in the process.

And based on that, we are going to get RFQ use on this new technology products, which will then go into the development process. The idea here is to beat the curve of normal progression in 4-wheelers because if we enter into technology, then we will be very successful. So that is our approach.

Sahil Sanghvi:

Understood. Understood, sir. This is quite implemented, I mean, for say FY '25, '26, what kind of confirmed orders do we have for 4-wheelers? Would you be able to quantify that 4-wheeler lighting?

Management:

Not at this moment. I think maybe in next conference or maybe after that, we'll be able to give you some guidance. Lot of things are happening. We have good RFQs because now our RFQ pipeline is full, which is the first step. And now we are making efforts to convert them into tangible opportunities. So we will be able to give you guidance in some few months.

Moderator:

The next question is from the line of Hitesh Goel from Riddhish Advisors.

Hitesh Goel:

My question is on this new technologies, again, actually. Is it -- are you getting -- I thought Honda will be -- Honda 4-wheeler will actually be a natural customer on these technology, right because you have such a good relationship. So are we supplying to Honda Cars as well? Would that be our first customer on 4-wheeler?

Management:

We are not supplying to Honda cars. And at this moment, we are unable to disclose any name of the customers for obvious reasons. We also don't have permission from customers, and we are under NDA with them. So because it's a new technology. So as it progresses, we will let you know.

Hitesh Goel:

Okay. And sir, on this Daimler order, can you talk us about what is the size of the order and all or what kind of the potential size? The European order that is...

Management:

Yes. So revenue, we will not be able to disclose at this moment, but these orders are for low volume development cars. We got the first project. We got the vendor code and our entry into

Mercedes. So first order were executed successfully, which was their trial of FIEM. And based on our performance, we got the second order for a head lamp and a tail lamp which is also for development cars, and this we will be supplying by -- in next 2 months.

Hitesh Goel: And sir, my last question, so basically, if you can give us some direction, I know it's too early days. But say, for example, today, 4-wheeler is 3% of total revenues, depending on your safe assumptions at next 5 years, what can be 4-wheeler as a percentage of your revenue?

Management: At this moment, for all guidance you take, it is even less than 1%. Our direction is to take it to a significant level in coming 5 years.

Hitesh Goel: Could be double digits, right? Significant.

Management: Yes. Absolutely. Absolutely.

Moderator: As there are no further questions, I would now like to hand the conference over to Mr. Sahil Sanghvi for closing comments.

Sahil Sanghvi: Just wanted to thank the management for patiently answering all the questions and on behalf of Monarch Network Capital we thank all participants. Sir, would you like to give any closing comments?

J. K. Jain: Yes. I would like to thank everyone for participation in today's conference call. I hope that we have adequately addressed all your queries. If you have any further questions, please don't hesitate to contact us. Thank you, and have a good evening.

Moderator: 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.