

November 17, 2025

The Manager,
Dept. of Corporate Services
B S E Limited
25th Floor, P. J. Towers, Dalal Street,
Fort, Mumbai - 400 001
[BSE Code: 532768]

The Manager,
Listing Department,
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex
Bandra (East), Mumbai -400051
[NSE Symbol: FIEMIND]

Dear Sir,

Sub: Q2FY26 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 November 13, 2025, to discuss Operational and Financial performance of the Company for Q2FY26. 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**



Fiem Industries Limited

Q2FY'26 Earnings Conference Call

November 13, 2025



COMPANY MANAGEMENT

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

HOSTED BY

MR. SAHIL SANGHVI – MONARCH NETWORK CAPITAL

Moderator:

Ladies and gentlemen, good day, and welcome to Fiem Industries Limited Q2 and H1 FY '26 Earnings Conference Call, hosted by Monarch Network Capital Limited. 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 guarantee of future performance and involve risks and uncertainties that are difficult to predict.

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.

I now hand the conference over to Mr. Sahil Sanghvi from Monarch Network Capital Limited. Thank you, and over to you, sir.

Sahil Sanghvi:

Thank you, Iqra. Good evening, everyone. On behalf of Monarch Network Capital, I welcome you all to the Q2 FY '26 conference call of Fiem Industries Limited. We will start the call with the initial comment about the results and the future outlook of the company and then open the floor for question and answers.

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

J.K. Jain:

Thank you. Good afternoon, and welcome to the Q2 FY '26 earnings call of the Fiem Industries Limited. Joining me on today's call are 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.

Our investor presentation and results are now available on our website and the stock exchange. We trust you must have reviewed the same. The Indian economy has continued its upward momentum in Q2 FY '26 with a strong growth. GDP during this quarter is expected to grow at 7.2%. The government's recent GST reduction has provided a timely economic stimulus boosting affordability and confidence across sectors. This positive sentiment has clearly carried through to the auto sector, particularly the 2-wheeler industry.

The 2-wheeler industry recorded robust growth with domestic production volume growing by 10.6% to 6.9 million units. Rural markets have shown solid recovery after a good monsoon, while urban demand has remained strong. Against this backdrop, Fiem has been able to post a very strong performance for Q2 FY '26.

We posted highest ever quarter sale of INR711 crores, which is a 17% increase on a year-on-year basis. Our PAT is the highest ever at INR64 crores. This growth was fueled by very strong demand from our key OEM customers like TVS, Royal Enfield and Yamaha. This quarter, we supported several significant new models launches that highlights our technological capabilities.

The refresh Hero Glamour X 125 was launched with Fiem Projector headlamp. Additionally, supplies has also started for Winker lamp for Hero Glamour and Xtreme models. We are also pleased to inform that during the recent Milan show, TVS Norton has launched 2 of their models

with Fiem headlamps and taillamp, featuring advanced animation and CAN based system technology. Similarly, Yamaha showcased its new Tracer 7 in Milan equipped with our headlamp and position light.

In India, Yamaha has introduced XSR 155 and their first EV model, both featuring LED headlamps and taillamps from Fiem. This in-house development demonstrates our strength in combining high-technology lighting, electronics and volume manufacturing, positioning us well for the rest of the year.

Our journey into the 4-wheeler segment continues with full vigor. Based on our quality and delivery performance, Mahindra has adopted our number plate lamps in their Scorpio and Thar models. We have also commenced our supplies for RR and Fog for XUV700 refresh model. We are happy to inform that we have been awarded the following new businesses from Mahindra, high-mounted stop lamp for Bolero, high-mounted stop lamp for Scorpio, RR and Fog lamp for Scorpio, side repeater lamp for Bolero series.

As we move into the second half of this year, we remain confident about the industry's growth path. With a heavy order book, improving efficiency and continued focus on technology and quality, we are well positioned to deliver another strong performance in the coming years. With this, I hand over to Mr. O.P. Gupta and the finance team to update on operational performance.

OP Gupta:

Thank you, sir. Good afternoon to everyone. First, I will present the quarter 2 numbers for FY26 in comparison to the corresponding quarter of previous financial year. The company has registered sales of INR711.42 crores in Q2 of current financial year against INR607.45 crores in corresponding quarter of previous financial year, which is an increase of 17.12%. LED as a percentage of total lighting stands at 63.92%.

The EBITDA stand at INR99.1 crores, translated into an EBITDA margin of 13.93% as compared to an EBITDA of INR80.27 crores that is 13.21% in corresponding quarter of previous financial year. PAT for quarter 2 is INR63.78 crores as compared to INR49.83 crores correspond quarter of previous financial year, which is higher by 28.02%.

Now, I would like to present the H1 numbers for FY '25. The company has registered sales of INR1,360.49 crores in first half of current financial year as against INR1,181.05 crores in the corresponding period of previous year, which is an increase of 15.19%. The EBITDA in first half of current financial year stand at INR186.46 crores translating into an EBITDA margin of 13.7% as compared to an EBITDA of INR159.04 at margin of 13.47% in corresponding period of previous year.

PAT for first half of current financial year is INR119.84 crores as against INR99.03 crores in the corresponding period of previous financial year, which is higher by 21.01%. During the quarter 2, the company has made a capex of INR21.28 crores and total capex in the first half of current financial year is INR37.81 crores.

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

- Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Shubham Sehgal from SiMPL. Please go ahead. Shubham your line is unmuted, please go ahead.
- Shubham Sehgal:** Okay. So the provision reversal that we have taken for bad debt and warranties?
- Management:** Sorry, can you repeat your question?
- Shubham Sehgal:** Yes. My first question was, could you just throw some light on the provision reversal that you have taken for bad debt and warranties?
- Management:** No, I think your voice is not clear. It is breaking in between.
- Shubham Sehgal:** Is it better now?
- Management:** Yes, but it is breaking even though it is breaking. Can you just repeat once again loudly?
- Shubham Sehgal:** Yes, sure. So I was asking my first question is, could you throw some light on the provision reversal that you have taken for bad debt and warranties?
- Management:** Your question is -- you are referring the balance sheet item?
- Shubham Sehgal:** Yes. So we have taken a provision reversal for bad debt and warranties. So I just wanted to ask like could you throw some color on that?
- Management:** Yes. So in normal course, small numbers for provision we take sometimes, but then if there are no bad debt, then those are reversed back. So which is why you must see that number, it must be around INR2.5 crores, INR3 crores. So there was no bad debt. For that, it was recoverable and hence it was reversed.
- Shubham Sehgal:** Okay. Got it. My next question was that if we see in the previous four, five quarters, we've seen a very significant growth in sales for Royal Enfield. And even if we look at their production numbers compared to their production, we've significantly outperformed the sales figure. So I just wanted to know that how do we see this panning out as RE contributes now 6% of the sales. So do we see this figure being stable or increasing with time?
- Management:** Yes. We have been taken the classic model lamps business and wherein our share of business is more than 90% and we are very bullish to have a similar kind of growth with the RE as of now.
- Shubham Sehgal:** Okay. So I meant to ask that right now, Royal Enfield contributes around 6% to our sales. So do we see this figure being stable here or do we see this contribution increasing or are we expecting more orders in new models, newer models or more share?
- Management:** We expect that there could be an uptick on this 6% going forward.
- Shubham Sehgal:** I'm really sorry. Could you just repeat?

- Management:** There could be an uptick on the 6% -- right now, as you rightly mentioned is 6%. We think given the volumes that are coming through and new models, it could increase.
- Shubham Sehgal:** Okay. And are there like any models in the pipeline or like are we being considered for any other models where we can get more share?
- Management:** Yes, there are two or three models as of now under development and designing stage. So those models will be launched in the coming years.
- Shubham Sehgal:** Okay. All right. My next question was, could you provide any update on newer technologies that we've been working on? And when can we see any of them getting monetized like is it like a 1-year or 2-year thing or could it take around 4-year to 5 years? How do we see them panning out?
- Management:** See one of the examples right now, as our CMD sir has already announced, TVS Norton has launched in Milan show. This technology is also being a new technology, which is being first time launched in 2-wheeler, especially the animation factors in headlamp and rear lamp, which is being run with the CAN software. So this kind of technology is first time being introduced by Fiem in 2-wheeler business.
- Shubham Sehgal:** Okay. And so these will be there for TVS Norton models in Europe. And I think TVS is going to launch Norton next year in India as well. So we will be catering to that as well?
- Management:** Yes. This will be -- there are two models, which will be for India as well as for global overall market.
- Shubham Sehgal:** Okay. All right. Got it. And like how do we see this panning out like do we see some significant upside here?
- Management:** Yes, of course, there are further models which are under development right now. It is not only one animation. There are a few other technology which will be introduced soon in coming months it is being launched or once it is being commenced by the customer.
- Shubham Sehgal:** So we are the sole providers, right? And I mean we see that for a longer time being here?
- Management:** Exactly.
- Shubham Sehgal:** Okay. All right. I will just join back in the queue I have a few more questions. I will let others also ask. Thank you.
- Moderator:** Thank you. The next question is from the line of Vijay Pandey from Nuvama. Please go ahead.
- Vijay Pandey:** Hi, sir. Thank you for taking my questions. Sir, the first question was regarding the provision which we have made regarding the inventory write-off related to the fire incident. So have we recorded to the P&L as well and is this in which line item it has been recorded?
- Management:** So just to clarify, there is a damage of inventory of INR21 crores and to the fixed asset INR28 crores. So the P&L you are referring actually, this entry has to first debit the P&L account. And

then because we have an insurance policy that is fully valid. So it is -- the entry is reversed and it is shown in the recoverable. You can see in the line item of the balance sheet, there is a financial assets, current financials where this recoverable amount is appearing

Vijay Pandey: So that revenue which we are getting from the -- or the information which we are getting from the insurance, so that is shown into the P&L as of now or is it not yet shown?

Management: No, I think -- no, it is not shown in the P&L. What I just explained, this is a book entry and this is because we have a valid insurance policy. So you can see that entry which is recoverable in the financial assets.

Management: It's being shown as a receivable.

Vijay Pandey: Okay. Secondly, sir, I wanted to check in terms of passenger vehicles. So our passenger vehicle contribution has come down. We were steadily maintaining at around 5% to 7% over the last three, four quarters, but now it has come down to 2.3%. Any particular reason because we have got the orders from Mahindra. So just wanted to check what is the reason for this?

Management: So this is a good question from your side. There's no particular reason. It's just mathematical calculation. The overall 2-wheeler sales have gone up exponentially as explained in CMD speech. The 4-wheeler, we have got orders, but they are under development and they will fructify in some time. So the revenue is still to come. So what you see is just a mathematical calculation. So as a percentage, it is looking less. Absolute values have not changed. But 2-wheeler market in this quarter has done very well. Therefore, this is looking at a lower percentage.

Vijay Pandey: Okay. And lastly, sir, any idea when can we have any update on the passenger vehicle part? I think we -- in last call, we said that within 6 months to 9 months' time, we'll have an update?

Management: Yes. So we maintain that. In the last call also, I had said that by end of this financial year, we should be having a clearer picture on our business planning and we maintain that statement. So we are in that process.

Vijay Pandey: Okay. Thank you, sir.

Moderator: Thank you. The next question is from the line of Aangi Sheth from Array Investments. Please go ahead.

Aangi Sheth: Hi, congratulations on the great set of numbers. I had my first question, which is that what is like this time, the margin has been very well compared to the last quarter. So what has -- has there been any like changes in the product mix or like what is the contributing factor to this rise in margins?

Management: So you're absolutely right. The margin has close to 14%-odd, which is a high target for us. So the number is driven by a product mix and also the fact that there is operating leverage now that is kicking in with the increased sales. So we do -- we are kind of now hoping to work more around this range. We've generally guided more 13% to 14%, but we are hoping to work around the 14% mark going forward.

- Aangi Sheth:** Do you think this is sustainable, the margin?
- Management:** Yes. We think given the new volumes and the drivers, we think we should be able to work around these levels.
- Aangi Sheth:** All right. And one more question is there -- has there been any like RFQs that has converted to orders in this quarter?
- Management:** Yes, we have already in the CMD speech, it is being informed. There are two models which from Hero is being launched. It is being already converted into a mass production and a sales.
- Aangi Sheth:** All right. That's from my end. Thank you.
- Moderator:** Thank you. The next question is from the line of Anubhav Mukherjee from Prescient Capital. Please go ahead.
- Anubhav Mukherjee:** Yes. Sir, my question is on the Hero models only. So in the last quarter, Hero has, like, launched quite a few products like the new Vida scooter, e-scooter. Then I think there was Glamour X 125. So, are these the new models that we will be supplying to because in some of the earlier quarters, you also had mentioned you were, like, working on some new models. So can you give some details on that?
- Management:** Yes. So in CMD sir, speech, it is being already disclosed, in the last quarter, Glamour X 125 and Xtreme, these are the two models which is being launched and it is under production right now. So wherein our projector headlamp is under production for Glamour as well as Xtreme, we are supplying the winker -- LED winker lamps, which is also in production for both the models. And others are already under development, which will be launched and will be announced soon.
- Anubhav Mukherjee:** Okay. Will you be able to share any indication of like how much Hero can scale up to in the next financial year? Or is it too premature?
- Management:** You know, for us, we believe that once the customer gets to at least a 10% of our revenue, that's when we can sort of give a more specific guidance. Right now, it's much lower than that. But overall, that directionally, this volume will keep picking up. This quarter has been much better, and we expect the next half to be even better with Hero.
- Anubhav Mukherjee:** And sir, apart from Mahindra, like, have we progressed in getting any RFQs or orders from any other passenger vehicle OEMs?
- Management:** Yes. We already have RFQ at quite advanced stage from Force Motors in a good manner. We have RFQ from Mercedes. So these are the three customers where RFQs are already in progress, and we are expecting some from other customers as well.
- Anubhav Mukherjee:** Okay. And sir, is there any time line in which like tentatively, we can see the start of production for these, like, new OEMs?
- Management:** So already, I think in last investor call, we had explained, we started our production for our first order. And based on our quality and delivery reports, it has got adopted into other important

models of Mahindra, which is Scorpio and Thar. And very soon, it will also be deployed in the balance models.

And we are also opening a warehouse in Pune to support our customer. So that will be the next big step that we are taking. And after that, we have started another production for XUV700 refresh model, which is RR and Fog. Now this will continue because we have other orders from Mahindra and a long list of RFQ on which we are working.

Anubhav Mukherjee: Thanks. I will get back in queue.

Management: Yes. Thank you.

Moderator: Thank you. The next question is from the line of Devesh Kayal from Monarch AIF. Please go ahead.

Devesh Kayal: Sir, just want to know whether we lost any revenue from this fire or it was offset by higher production in the next few days?

Management: No, there is no loss of revenue. You can see in the numbers.

Devesh Kayal: Okay. And on the HMSI side, so HMSI forms 25% of our revenue. While we see over the past few quarters, many quarters our revenue, HMSI revenue has been kind of in line with the production growth of HMSI. So is it fair to say that in Honda, we have lower share of LED?

Management: No. We have -- we don't have lower share of specific products. We have maintained our market share. But -- and, you know, overall, our overall market share is absolutely in line with what is happening. However, there are always a couple of quarters where one product does better than the other, and those minor variations are there. But overall, our market share remains absolutely the same.

Devesh Kayal: Okay. And within the overall Honda, the LED share remains as it is?

Management: Yes.

Devesh Kayal: Okay. Yes. That's it from my side.

Moderator: Thank you. The next question is from the line of Shubham Sehgal from SIMPL. Please go ahead.

Shubham Sehgal: Yes. Thanks for the opportunity again. I just had a follow-up. As you mentioned, that we will be having share in the TVS Norton model. So, what can we expect the realizations to be compared to a normal model like this higher technology that we have? Like can it be like almost double, triple or just an approximate sense if you could give?

Management: This is now too early to announce any numbers. This is totally dependent on the customer launches and the OEMs.

Shubham Sehgal: But definitely higher realizations?

- Management:** Yes.
- Shubham Sehgal:** Okay. My next question was, so the new models that have been launched by Yamaha in India recently. And also, I think they've announced further upcoming models in the pipeline. So do we have any share in them? And what are our expectations from these models?
- Management:** Yes. So in the speech, this has already been cleared that XSR155 is being having our headlamp and taillamp. And their first model of EV is also being launched a few days before is also being supplied by all the lens from Fiem only. And further on, there are new models which are under development. And once these will be launched, we'll definitely declare all the models.
- Shubham Sehgal:** Okay.
- Management:** These are all for domestic as well as for global market.
- Shubham Sehgal:** Okay. Domestic plus export you're saying, right?
- Management:** Yes, yes.
- Shubham Sehgal:** Okay. Okay. All right. Yes. Thank you. And just last one clarification. So you mentioned that we have an RFQ from -- is it the same development product that we have been talking about? Or has something changed here? Have we progressed here? Like has something changed here?
- Management:** Yes, these are the same around -- we have more than 100 projects as of now that will be generating the revenue in years to come, maybe around INR1,000 crores to INR1,200 crores.
- Shubham Sehgal:** Okay. All right. Got it. Thank you.
- Moderator:** Thank you. The next question is from the line of Khush Nahar from Electrum PMS. Please go ahead.
- Khush Nahar:** Congratulations on a good set of numbers, sir. Thank you for the opportunity. So, my questions are more around the 4-wheeler part of business. So could you elaborate more in terms of -- so I remember that last time we had mentioned that we have around INR700 crores of RFQ on the 4-wheeler side.
- So right now, have we added more in terms of that, if you could quantify? And also in terms of our plans because I think the next leg of growth might be driven by the 4-wheeler segment. So any time lines over there, if you can give us?
- Management:** Yes. So as explained, some of the RFQs have already got converted into business nominations for us, which was there in CMD speech. We have graduated from license plate lamp to high-mounted stop lamps, which is a normal progress in 4-wheeler business.
- We got this for the flagship model of Mahindra, which is Bolero, which is a big win for us. And then post that, we have got for Scorpio as well. We have got RR that is reflex reflector and fog for two models, side repeater lamps. Plus we are now receiving RFQ for other models as well.

The RFQ value remains similar as we shared with you before because some of them have got converted and some new RFQs have come from Force Motors. So this is a cycle which we are following. And soon, we'll be converting the current RFQ into business award.

Khush Nahar: Any time on the plant, so I know that the management will give a more clear picture by the end of the financial year. So once we decide to go ahead, how much time would it take to set up a dedicated plant for 4-wheeler and if any ballpark number on the investment that is required?

Management: So yes, we will be more equipped to give you a direction by end of this financial year because we are getting good response from customers. Customer is trusting us, and we are delivering to the expectation of customers step-by-step because we don't want to rush up.

We want to go step-by-step process, which we are following. And we are generating more RFQs and also converting it into business nominations. So we should be able to give you better direction by end of this financial year.

Khush Nahar: All right, sir. Thank you.

Moderator: Thank you. The next question is from the line of Mihir Dharmi from Augmenta. Please go ahead.

Mihir Dharmi: Hi, sir. Thanks for the opportunity. I was asking Yamaha had some very good production numbers in this quarter sequentially. So this quarter, it wasn't reflected in our numbers. I understand last quarter, we had very good numbers at that time, but what was the reason for it?

Management: So there are a few models which is being export model volumes, which has increased, and we exported good volume for three or four models for Brazil as well as for Europe. And the domestic market is also being done good for the models which are being under our mass production products.

Mihir Dharmi: Okay. I was asking this quarter wasn't good for Yamaha in our portfolio? Any reason for that?

Management: So this is a volume only which is being exported by us. There are a few models which is being launched last quarter as we already disclosed. So those models is being converted into sales figure.

Mihir Dharmi: Okay. All right. And another question was 2-wheeler production data in October was quite strong. So do you expect quarter 3 to be particularly strong versus this quarter?

Management: I think structurally, if you look at the 2-wheeler industry, I think if you look at the full year, we feel that there is a high possibility that this will be the highest production year. We could surpass the COVID-high, which was hit back in 2019, '20. So overall, directionally, we feel that we are on an upswing in the 2-wheeler industry.

Mihir Dharmi: Got it. Thank you.

Management: I mean I don't want to comment on a couple of months here and there. But if you look at H2 and overall year, that's the direction we are talking about.

- Mihir Dhami:** It's okay. Thanks.
- Moderator:** Thank you. The next question is from the line of Vijay Pandey from Nuvama. Please go ahead.
- Vijay Pandey:** Sir, thank you for the follow-up. Just two questions from my side. One was on the Mahindra. So now the new Bolero has been launched. So should we expect revenue from the -- this quarter 3 onwards, incremental revenue in the PV based business?
- Management:** So as I said, the revenue is already coming in. We are selling our first product, but it is insignificant as a percentage to sale at this moment and therefore, not of interest at this point. Because we are going in a step-by-step process. We will start seeing more revenue when these new orders, they fructify in manufacturing. And we will keep you informed of our business plan as we progress.
- Vijay Pandey:** Okay. Okay. Sure. And lastly, sir, just I know that you had answered it previously. Just I wanted to understand that inventory write-off of INR31 crores. So is it included in an EBITDA or is it below EBITDA line? That is what I just wanted to...
- Management:** No, there is no impact on EBITDA. There is no impact.
- Vijay Pandey:** Okay. Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of CA Vansh Handa from Nvest. Please go ahead.
- Vansh Handa:** Yes. Thanks for the opportunity and I have a question, like, what is your outlook for the FY '27 in terms of both 2-wheelers and 4-wheelers? And if you can give the guidance for FY '27, that's my question?
- Management:** So overall, automotive industry, including 4-wheeler, 2-wheeler, both look promising if you look at the next 12 months to 18 months. And directionally, 2-wheeler is performing much better. All the green shoots are there for this recovery to be sustained. So -- and on the 4-wheeler side also, we expect that what we are doing is a differentiated product there. So there is going to be volumes coming through.
- On the guidance front, we don't give specific guidance, except that we believe that we will outperform the industry. And in the current context, we have given a guidance of 15% to 20% revenue growth, which we are maintaining. We would like to do that.
- Vansh Handa:** For FY '27, right?
- Management:** That's right.
- Vansh Handa:** Okay. Okay. Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Vinay Nadkarni from Hathway Investments. Please go ahead.

- Vinay Nadkarni:** Yes. Thanks for the opportunity. I think your numbers have been very great this quarter. Congratulations. Just wanted to understand, if I look at automotive lighting, non-LED, there has been a growth in sales in this quarter, if I say quarter-by-quarter, quarter-on-quarter as compared to automotive LED lighting. Any particular reason for this quarter-on-quarter?
- Management:** So there is no particular reason. Sometimes one model which is having the LED that performs better. That number comes in. Otherwise, if you see the yearly basis, that is going -- moving towards 2%, 3% more every year.
- Vinay Nadkarni:** Okay. And basically, Fiem's growth is always higher than the automotive sector growth of your various partners. Now that generally is because -- I presume because when you're moving from halogen to LED, the 3x multiple will, of course, drive your volumes more. Am I right in -- not volumes drive your value more. Am I right in assuming that?
- Management:** Yes, you are right, but there are other factors as well. So this is absolutely the whole trend towards LED is definitely a driver for growth. But there are many other factors, including our own product mix, what we do with our customers, our direct and indirect exports that we do. So all of this club together, we are able to outperform the industry.
- Vinay Nadkarni:** Okay. And lastly, you talked about operating leverage and product mix driving the EBITDA this time. Any particular reason for that operating leverage? You got more volumes in terms of...
- Management:** Just more efficiencies coming in on our existing plants. So -- and we -- as I said, we hope to kind of make sure that we are able to put more efficiencies out as we.
- Vinay Nadkarni:** Has the capacity utilization improved?
- Management:** Yes. This quarter capacity utilization has improved. Definitely, we are moving in towards the 80s. But simultaneously, we are already doing capex to ensure that we have optimal capacity for the next 24 months. And we are also doing -- as you are aware, we have done INR38 crores of capex in the first half.
- We expect to do another INR50 crores to INR60 crores in the H2. So our capex for the current year should be INR100 crores. Going forward, we want to continue the momentum of capex in line with our growth.
- Vinay Nadkarni:** So your capex -- capacity utilization is around 80% this quarter. Then what about product mix? Yes. When I see product mix, the product mix in this quarter actually is more towards automotive lighting, is it compared to LED lighting? Until your margin has improved, any look on that?
- Management:** Yes. See, you are right. I mean there is some percentage you can see higher in the LED lighting as comparable to the mirrors and the plastic. But as already informed, there are some new model launch in the lighting. So this is the reason of increase in the lighting business.
- Management:** Moreover, our focus is towards...
- And as a company, we remain focused on the automotive lighting as our main product.

Vinay Nadkarni: Yes. Yes. So when you say product mix, it is the product mix between automotive lighting, LED lighting and the other products, right?

Management: No, that plus also within LED lighting, our product mix with respect to the customers. For example, we highlighted, let's say, the Norton deal and so on. So all of these blended together, we are able to outperform the domestic industry.

Vinay Nadkarni: So you basically are looking at slightly higher price realization this quarter? Is that what you're saying?

Management: See, it's not -- I don't think you want to make a generic statement like that because it depends on particular model for that.

Management: Requirement.

Management: Exactly. What is the customer focusing on what kind of a product? Sometimes it's premium product, sometimes it's low value product. That generic statement, so margin is not driven by that. Margin is driven by operating efficiency.

Vinay Nadkarni: Thank you very much. Thanks a lot. I wish you all the best for the remaining H2.

Moderator: Thank you. The next question is from the line of Anubhav Mukherjee from Prescient Capital. Please go ahead.

Anubhav Mukherjee: Sir, in LED lighting, what is our level of localization now? Like apart from the LED chip, which I suppose we would be importing, do we manufacture all the other parts or like what is the level of localization?

Management: Yes. Only the electronic components, inclusive of LED, we buy from outside. Rest all operations with SMT or assemblies or other processes are being done in-house only.

Management: All localized.

Management: So this is all localized. And you will appreciate we wouldn't be able to get the margin that we can if we were not doing this in-house and that has been our strength. We do everything now.

Anubhav Mukherjee: So it's like almost completely localized. There's no scope for further...

Management: Yes.

Anubhav Mukherjee: Okay. And sir, in lighting, like you also mentioned animation and there is talk of like ambient lighting as well. So can you give us a flavor on the R&D front, what we are doing to keep abreast of all of these new technologies? How large is our R&D team and annually what percentage of sales we are spending on R&D effort?

Management: Yes. We are odd 100 -- more than 100 numbers people as of now working in our R&D, especially in the electronics side, which is a core strength. And the near future is, of course, we are

electronics. So like the animation, Animation is one of the function, which is being incorporated in our Norton lamp, not only Norton and other lamps also.

This is being driven from the vehicle side indication and it is being controlled within the product, which gives the different kind of running light like the position light, which is giving you whenever you switch on, it is on then gives you some specific signature feature, which is running from one corner to other corner and other corner to next.

So these are the few features which you can see on. Yes, these features are already available on site, if you see the Norton field and further on we are working on ambiance lighting and other - so many electronics areas wherein we are working for technology, which will very soon will be introduced in the market.

Anubhav Mukherjee: And sir, there are couple -- there are some peers who are like going for like JVs or technology agreements for things like ambient lighting. So do we feel the need for any external technology help or we feel like we can develop in-house completely?

Management: As and when it is required we will do.

Management: So we do not feel a need of any joint venture for this purpose. We are in touch with our relevant partners. As and when required, we can have technical assistance from them for that particular technology and that particular product. Yes. So we are also strengthening our own resources. We are opening up our innovation lab here and where the people will be working on futuristic technologies. So we are creating that capability in-house. So in general, we don't need any joint venture partner. We are focusing on self-reliance in technology.

Anubhav Mukherjee: That's very helpful, sir. Sir, just last question, sir, since you mentioned for HMSI, like can you give an indication of like are there any new models or like any international models that you're working for, which can help grow better in the HMSI account going forward?

Management: Yes, it is very too early to disclose anything. But we are, of course, working on a few models, which are for global as well as for domestic.

Moderator: The next question is from the line of Sahil Sanghvi from Monarch Network Capital Limited. Please go ahead.

Sahil Sanghvi: Very commendable numbers, especially on the margin side. So congratulations for that. My first question is to Vineet sir, on the ambient lighting front and a few other technologies that we are working on. Do we have any kind of -- I mean, major progress over there, any kind of major trial runs or any kind of major commercializations over there? If you can just give some more details on that?

Management: Yes. So ambient lighting, we did demonstrate to our customers. So one of the customers have advised us to make a POC. Our team have already demonstrated a proof-of-concept to the customer, very well appreciated by the customer. And this was done along with our electronics team. So we are expecting us to be in the panel of ambient light supplier very soon. So it is moving in the right direction.

- Sahil Sanghvi:** Right, sir. That's really good to hear. And secondly, sir, we've got into some MOU with a Swedish company called Allight Lighting for some adaptive lighting. If it's not very early, if you can help us understand what the product is and how you expect this to improve our lighting products as such?
- Management:** So we have recently signed an MOU and this is because of the government focus on safety. So this is a safety product, which we are bringing in and we are also demonstrating it in the next week in ISOL, which is International Symposium on Lighting. So this is basically when you turn the motorcycle and the light has to be stable. So that is the focus and this will help in reducing accidents on road. So our focus is on [inaudible 0:47:46] concept in the 2-wheelers. And this is [inaudible 0:47:52] and we will demonstrate to the customer [inaudible 0:47:55] in ISOL next week.
- Sahil Sanghvi:** And depending on the adaptability and then we'll have future benefits on that, right? I mean will take some time to be adapted, right?
- Management:** Yes, of course, because it takes time, customers will see it, will ask us to make proof-of-concept, we'll do the road test. And, of course, that's a process. But important point here is to keep customers engaged with new technologies because that helps us in building our own credibility and it has different advantages in getting some more RFQs. So that is the direction. Customer starts working as a partner with you.
- Management:** Innovation...
- Management:** And that's the focus on innovation.
- Sahil Sanghvi:** Got it. That's really good to hear. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Saurabh from. Multi Act. Please go ahead.
- Saurabh:** Yes. Thank you for the opportunity. I had a question on Hero. We have two models which are into production and several, which are in the pipeline. So combining all the models, will we be like achieving around mid-single-digit contribution in next year from Hero?
- Management:** The pipeline, we've already disclosed in terms of the numbers, what has already been come out and what we are working on. But I think specific numbers, as I mentioned we wouldn't want to put a specific number as and when they cross the threshold of 10% or near, we will be able to come back and tell you. But we are -- directionally, we want to get there.
- Saurabh:** Okay. And on the passenger vehicle side, like you have said that you have gradually progressed from number plate light to fog light, etcetera. So in the RFQs or in the design phase, are we also present in the main headlamp or taillamp or it is still in the ambient lighting and the interior lighting that we are working?
- Management:** So, it's a little early to disclose this strategy, but we are fully committed to enter into all lamps of 4-wheelers, front lamp, rear lamp, bigger lamps, smaller lamps.
- Moderator:** Thank you. The next question is from the line of Mehul Panjuani from 40 Cents. Please go ahead.

Mehul Panjuani: Hello, sir. Thank you so much for the opportunity. I missed your commentary, sir. I would just like to understand is the H2 expected to be better than H1 for our company?

Management: We are driven by the market, and you see where the OEM commentary is, and we hope that H2 is better, but we can't give a specific guidance. Overall, as we keep guiding, we will outperform the industry.

Management: [Inaudible 0:51:07] we are bullish.. OEM will do well.

Mehul Panjuani: Right. Sir, a follow-up question on this. I mean, since I'm new with the company, what is the revenue contribution from 2-wheelers vis-a-vis 4-wheelers?

Management: So today, we are.

Management: Just in the beginning.

Management: Yes, it's around 97% is 2-wheeler, 3% is 4-wheeler at this at this point of time.

Mehul Panjuani: Okay, okay. Okay, sir. Thank you so much for the clarification.

Moderator: Thank you. The next question is from the line of Gopinath Chenna from CDK Global. Please go ahead.

Gopinath Chenna: Congratulations on good set of numbers. Am I audible?

Management: Yes, if can be a little louder, better.

Gopinath Chenna: Yes. So, just have one question. So is there any plans for stock split bonus?

Management: I think your question is about the bonus, right?

Gopinath Chenna: No, no, I'm asking, are you thinking about -- is there any discussions over bonus or stock split?

Management: No, no, nothing. We just finished in 2024.

Gopinath Chenna: Okay. Thank you, sir.

Moderator: Thank you. The next question is from the line of Khush Nahar from Electrum PMS. Please go ahead.

Khush Nahar: Sir, thank you for the opportunity again. I just wanted to know, I think -- so Dutch company called Nexperia had some issues globally in terms of the chips, which are usually used in the automotive segment. So are we facing not in the next 3 months, but 6 months, any delay in our schedules from the customer side that is supposed to affect the industry in general?

Management: Se -- from electronics side, we are using all these discrete items. And wherein not only single source, we always work with multiple sources, and it is being all communicated with the customer. So no production will be hold or held up because of this Nexperia.

- Khush Nahar:** Okay. All right, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Vijay Pandey from Nuvama. Please go ahead.
- Vijay Pandey:** Just a follow-up. So just wanted to understand in terms of 2-wheeler industry, the LED market share will be around 2/3 or is it 50-50?
- Management:** Industry wise question....
- Management:** See for us specifically, our contribution is 63%. But as far as the overall industry is concerned, it's estimated around between 30% to 40%, perhaps, but we don't have a specific data around it. What we are seeing is that there is this increased trend towards LED. In fact, we've highlighted that all our projects that we are working on, every 100% is on LED. So there is this trend towards LED and it will move there over the next couple of years.
- Vijay Pandey:** One more just, what will be in terms of if I see the content per vehicle CPV for passenger vehicle, what can be the expectation in case of PV as compared to CV -- as compared to 2-wheelers?
- Management:** So again, it depends on the features of the light. A fully loaded car with all features of LED, the light costs around, let's say, INR60,000. This is fully loaded. But if you remove full load, bring it down, it will be around INR20,000, INR25,000, right?
- So there is a difference. It depends on a lot of features, what features you bring into lighting, how much electronics you have into lighting, right? And I think ratio could be from 2-wheelers to this 1:4 or more. Yes.
- Vijay Pandey:** Okay, okay. Thank you, sir, and the best for upcoming projects. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Sahil Sanghvi for closing comments. Thank you, and over to you, sir.
- Sahil Sanghvi:** Yes. Just wanted to thank the management for very elaborately and patiently answering all the questions. Also on behalf of Monarch Network, we want to thank all the participants for joining the call. Management, Jain, sir, would you have any closing remarks?
- J.K. Jain:** Sure. 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. Thanks. Have a good evening.
- Moderator:** Thank you, sir. On behalf of Monarch Network Capital Limited, that concludes this conference. Thank you for joining us, and you may disconnect your lines.

Note: There has been some disturbance in audio during the call. For sake of clarity, transcript has been corrected as per audio, post receipt from Chorus Call.