

# Varroc Engineering Limited

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VARROC/SE/INT/2024-25/28

May 21, 2024

To,

The Manager- Listing  
The Listing Department,  
**National Stock Exchange of India  
Limited**

Exchange Plaza, Plot No. C/1, G Block,  
Bandra-Kurla Complex,  
Bandra (East), Mumbai-400 051.  
NSE Symbol: VARROC

The Manager – Listing  
The Corporate Relation  
Department,  
**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai-400 001.  
BSE Security Code: 541578  
[Debt: 975062]

Dear Sir/Madam,

**Sub: Transcript of Investor / Conference Call pertaining to Audited Financial Results for the Quarter and Financial Year ended on March 31, 2024.**

Dear Sir/Madam,

Please find Transcript of Investors / Conference Call held on Friday, May 17, 2024, in respect of the Audited Financial results for the Quarter and Year ended on March 31, 2024.

This is for your information and records.

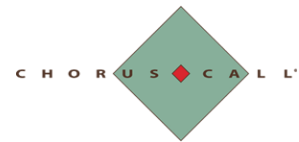
**For Varroc Engineering Limited**

**Ajay Sharma**  
**Group General Counsel and Company Secretary**

**Encl:** a/a



“Varroc Engineering Limited  
Q4 FY'24 Earnings Conference Call”  
May 17, 2024



**MANAGEMENT:** **MR. TARANG JAIN – CHAIRMAN AND MANAGING DIRECTOR – VARROC ENGINEERING LIMITED**  
**MR. ARJUN JAIN – WHOLE-TIME DIRECTOR AND CHIEF EXECUTIVE OFFICER, BUSINESS DIVISION I – VARROC ENGINEERING LIMITED**  
**MR. MAHENDRA KUMAR – GROUP CHIEF FINANCIAL OFFICER – VARROC ENGINEERING LIMITED**  
**MR. BIKASH DUGAR – HEAD, INVESTOR RELATIONS – VARROC ENGINEERING LIMITED**

**MODERATOR:** **MR. AAKASH GOPANI – INVESTEC CAPITAL SERVICES**

**Moderator:** Ladies and gentlemen, good day, and welcome to Varroc Engineering Q4 FY'24 Earnings Conference Call hosted by Investec Capital Services. 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.

I now hand the conference over to Mr. Aakash Gopani. Thank you, and over to you, Mr. Aakash.

**Aakash Gopani:** Thank you, Steve. Good evening, everyone. Welcome to the Q4 FY'24 Earnings Conference Call of Varroc Engineering Limited. We have with us the senior management represented by Mr. Tarang Jain, Chairman and Managing Director; Mr. Arjun Jain, Whole-Time Director and CEO, Business Division I; Mr. Mahendra Kumar, Group CFO; and Mr. Bikash Dugar, Head of Investor Relations.

With that, I would now like to hand over the call to Mr. Tarang Jain for his initial opening remarks. Over to you, sir.

**Tarang Jain:** Yes. Thank you, Aakash, and team Investec for hosting the call, and good evening to everyone for joining this call. The global economy continues to go through a significant shift in FY'24. The initial stability post pandemic has been taken away by the intensified military conflicts during the year. The recessionary fear across the global economy due to high inflation, Central Bank tightening at the beginning of the year have moderated now and now the macroeconomic outlook is improving relatively. We hope that this is not taken away from the geopolitical issues.

The Indian economy continues to outperform. And in Q3 FY'24, the GDP growth was at a robust 8.4%. The automobile production in India during FY'24 grew on a year-on-year basis for all the segments. Passenger vehicles grew by 6.9%. The commercial vehicles grew by 3%. Three-wheeler and two-wheeler registered a strong growth at 16% and 10.3%, respectively. The growing economy and stability in the Central Bank policy have driven this growth.

In Q4 FY'24, on a year-on-year basis, the automobile growth was strong in two-wheelers, which grew by 26.5%, three-wheelers grew by 8.4%, the passenger vehicles grew by 9.7%, and the commercial vehicles saw a marginal degrowth at 0.5%. For the full financial year '24, our India operations continued to outperform the industry growth with a growth of over 14.5%.

The India operation helped the company to clock closer to a 10% growth in FY'24. Overseas business was impacted in FY'24 as two-wheeler automotive sales in the overseas market fell and the dependency on single customer impacted our revenue. The full year revenue was at INR75,519 million.

The PBT for the year was INR3,149 million, which includes profit from a joint venture of INR444 million. The PBT margin improved by 300 basis points on a year-on-year basis and came in at 4.2% PBT for the year, was also impacted by certain one-timers like the provision of INR160 million created for doubtful recovery of receivables from an EV customer.

In FY'24, the capex spend was only around INR2,016 million, that's better profitability, tighter control on capex and working capital enabled us to reduce the net debt to below INR10,000 million at INR9,826 million. The net debt-to-equity ratio improved 0.63 in FY'24 from 1.27 in FY'23. The loan servicing ability also improved as our net debt-to-EBITDA improved to 1.29 in FY'24 from 2.14 in FY'23.

We continue to win businesses for our focused product lines and increased the capacity utilization levels. In FY'24, our lifetime new business wins has been over INR87 billion. The annual peak value is around INR15 billion. These wins are likely to generate additional revenue of INR8.5 billion in FY'25.

It is very encouraging to see that more than 40% of these new wins have come in the EV category. Our revenue from supplying to EV players in FY'24 was approximately 5.3% of our overall revenue. As indicated earlier, we continue our endeavor to grow better than the industry in India. We are also taking several initiatives to grow our overseas business.

We are working with various customers on additional revenue opportunities. We are also driving cost reduction efforts in these markets to improve margins. The margin improvement efforts through backward integration initiatives like SMT lines are already in place. With these actions, we expect to see a revival of overseas business in the coming 1 to 2 years. We will also continue to strengthen our engineering capabilities and also focus on further cost reduction and working capital optimization for all our operations.

More business wins, gradual recovery in overseas market and the efforts taken by the company to reduce both fixed as well as the variable costs are expected to gradually improve the performance of the overseas operations in the coming years.

We have uploaded the investor presentation in the stock exchange as well as on the website. I will now ask MK, our Group CFO, to walk you through the presentation and give more insights on the financial performance. Thank you.

**Mahendra Kumar:**

Thank you, Tarang. Good evening, everyone. Talking about the highlights for full year and also Q4 of FY'24. As our CMD explained, revenue came in at INR75 billion or INR7,551 crores with a growth of 9.6%. For the India business growth was much stronger at 14.1%.

Q4 revenue grew by 16% year-over-year, but here again, the India business grew significantly stronger by close to 24%. This was, of course, impacted by the overseas challenges which we have, which we explained in the previous quarter's communication.

In terms of the overall profitability, full year PBT came in at 4.2%, a significant improvement compared to previous year PBT of 1.2%. EBITDA also with regard to double-digit EBITDA, 10.1% for full year compared to 8.7% we had last year. Q4 PBT was 5.3% versus 2.4% we had same time last year. The EBITDA also was much stronger at 11.1% compared to 9.4% last year.

Now all this also enabled us to strengthen the balance sheet further. The net debt came down below INR1,000 crores now at INR983 crores, which actually improved the net-debt-to-equity

ratio to 0.63 from 1.27 that it was last year. Net debt to EBITDA also improved to 1.29 now compared to more than 2 that we had last year.

In terms of the business growth, the new lifetime orders now added up to INR87 billion for full year with more than 40% coming from EV-related vehicles and products. The total revenue from the EV-related components is now actually up to 5.3% of our total revenue.

And coming to the cost reduction efforts that we communicated earlier, the renewable energy projects, which we talked about in the previous quarter communications, they are now nearing completion. So most probably, very soon, we'll be seeing the benefits of these projects also. And then, finally, our Board also approved the major of the 100% subsidiary, VPL with VEL. This is expected to give us significant ease of operations.

Going to the next slide, which is about the industry trends. If you really see the Q4 performance of the industry. The 2-wheeler grew by 26.5% compared to same time last year, and 3-wheeler grew by 8.4%, passenger vehicle by 9.7%. But on a sequential quarter-over-quarter basis, 2-wheeler was more or less flat and passenger vehicle registered a significant strong performance by close to 17.6%.

And coming to the full year trends, the 2-wheeler industry grew by slightly about 10%, passenger vehicle by close to 7% and 3-wheeler by 16%. So going forward, we are hoping that the good monsoon and the strength in rural economy will further give that kind of a boost to the 2-wheeler industry and which in turn reflects in strong business growth. And then maybe later part of the year, we'll also see inflation easing out further at global level and also the interest rates coming down in the later part of the year.

The next slide, we will have the summary of the consolidated financials for Q4. As I mentioned earlier, the PBT came in at 5.3% and EBITDA at 11.1%. The overall revenue grew by 16%. In terms of the other items, as our Chairman explained, we also went ahead and create a provision for close to INR16 crores for provision for doubtful debts against one of the prominent EV customers we have to be on a consolidated basis.

And then the overall EBITDA and, of course, PBT derived benefits of operating leverage this quarter also. And this quarter, we also could see a reduction in interest costs and depreciation costs compared to the previous quarters. So that should continue going forward also. In terms of the full year numbers in the next slide, we are talking about a PBT of 4.2% on a full year basis.

But more importantly, we have been communicating about the operating leverage benefit at every level. So that way, if you really see the revenue went up by close to 9.6%, but EBITDA grew much stronger at 27% supported largely by the contribution margin improvement. It all translated into a PBT growth of 280%. So this particular thing continues to be our focus in the near future also.

Coming to the balance sheet and ratios. So net debt was INR983 crores against equity of INR1,526 crores, so that enabled us to get to net debt-to-equity ratio of 0.64. Net debt to EBITDA improved to 1.29. And because of all this good performance, the return on capital employed annualized, it also goes up to close to 29% now.

Coming to the revenue breakdown. The important point to be noted here is, of course, the large 2 segments, 37.8% coming from electrical and electronics lighting, plus the 32% comes from polymer. So these 2 add up to close to almost 70% of the total revenue. And in terms of geographical distribution, 87% comes from within India, 13% coming from outside. Segment-wise, product segment-wise, 2- and 3-wheelers added to close to 75%. And in terms of customer providing Bajaj gives us 42% of the total revenue.

Here in the next slide, we also added one more point analysis based on the earlier discussion. We are now giving the breakup of the order book. The new lifetime value of the order book, how it's going to help us in the revenue buildup in the coming years. So from this existing INR87 billion of order intake, which we took, nearly 8,500 million of revenue comes in FY'25 itself, about INR850 crores of revenue for this year, which will add up to INR1,450 crores INR1,750 crores in the next two years. Because all this assuming that the start-up production as indicated by the respective OEMs hold good and they actually happen on time.

In terms of the lifetime revenue by customer, if you see, 52% of this new order intake comes from Bajaj products and the rest from others. And another interesting point here is EV construed nearly 43% of the new order intake, which is a positive sign. And most of it is 2-wheeler, 3-wheeler related, which is close to 81% of the total. And then we have these awards also some of the prominent awards which we got have been displayed here.

So let me stop here. We'll take questions. Thank you so much.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Krishna Kukreja from Lucky Investment.

**Krishna Kukreja:** Congratulations for a good set of numbers. My question was based on capex. If you could give us an idea of what kind of capex we're looking for, for FY'25 and FY'26? And you have guided also that this will be less than the depreciation. So if you could also give us some color on what the depreciation for us is going to look like? Is it going to be in this INR333 crores, INR340 crores kind of range for the next couple of years?

**Mahendra Kumar:** Yes, Krishna. So like what we communicated earlier, we continue to keep capex in the range of about close to INR200 crores this year, most probably maybe around this level next year also or maybe slightly up, depending upon the requirement. But directionally, if you really see against our depreciation will up close to INR380 crores thereabouts. The capex spend going forward for the next two years also is going to be significantly lower only. So that should actually result in a gradual easing of depreciation build further. How much exactly? It's difficult to compute or comment at this stage. But directionally, yes, it should come down.

**Krishna Kukreja:** Right. And another one would be on the interest cost situation. So where do we see in terms of debt repayment, what are we kind of looking to repay in the next couple of years? Will it be similar to last year? And what kind of interest costs are we're looking at? Can we get some idea on that as well?

- Mahendra Kumar:** Yes. Directionally, that should come down because we hope to generate a good amount of free cash flow this year and next year also, which should obviously go to repay the debt only. So our idea is to bring it significantly down to half of EBITDA, maybe by next year.
- Krishna Kukreja:** Right. And just a final one on these EV products that now make up 5% of our revenue. If you could tell us exactly what these products are and what sort of segmentation we should look at them as? And what kind of growth we're looking at here based on our order book?
- Arjun Jain:** So when we say 5%, that is all products, whether EV powertrain products or engine-agnostic product that we supply into -- that we supply into EV models. In terms of the split in terms of what is engine-agnostic versus what is EV, I don't think we share that. But I think if you just look at the price points of the different product lines, the EV powertrain product will definitely make up a large portion of that.
- Krishna Kukreja:** On growth, if you could just comment on that.
- Arjun Jain:** So growth, of course, depends also on how much EV growth, but I think the trend of growth that you see already through the course of this year, I think it's a trend that I think we can definitely be comfortable in saying that over the next couple of years, there is a trend that will sustain.
- Moderator:** The next question is from the line of Basudeb Banerjee from ICICI Securities.
- Basudeb Banerjee:** Congrats, sir for a good set of numbers. A couple of questions. One is in this lifetime order wins slide where in the very first chart, you have put FY'25, 8,500; FY'26, 14,500. So is that the ITL revenue situation in rupees, crores for those years as per the order book you have received?
- Arjun Jain:** Yes. That's the additional revenue we are expecting from this order book for this year. And these numbers are in millions, not in crores.
- Basudeb Banerjee:** So which means, other than the organic growth of the business, which could have happened, this can be the additional revenue to that organic growth?
- Arjun Jain:** Correct.
- Basudeb Banerjee:** And second question, sir, in the reported number this quarter, your gross margin has jumped significantly sequentially or even compared to past many quarters. So did I miss out in your initial comments, anything there? Is this sustainable or just accounting change or one-off, how to look at it, sir?
- Mahendra Kumar:** Yes. So that's a good question. So what we would like to suggest here is maybe you should look at the full year gross margin improvement. I think you can still notice about 1.6% improvement there year-over-year. But out of that also, we have some of these one-timers, like the government incentive of last year, the last 2 years was accounted in 1 year. So there is 1 year extra benefit which we have taken.
- At the same time, there was certain other one-timers also, which we actually provided for on the cost side. So net-net, if you really see out of 1.5%, close to 1% improvement will continue going

forward also is what we are estimating. The other remaining points, it could be because of all these other one-timers.

**Basudeb Banerjee:** So for this quarter, specifically, this 11.1% margin, how much would have been one-off?

**Mahendra Kumar:** My suggestion is, don't look at it on quarterly basis because there are several things which we accounted for on a full year basis also in terms of provisions and one-timers also. But directionally, we actually touched 10% on a full year basis. Out of that, close to about 0.5% to 0.6% could be because of these one-timers. The rest of it is the regular thing.

**Basudeb Banerjee:** Okay. So 10% reported full year, including 0.5 one-off. So directionally next year, one can expect it to operationally crossing double-digit revenue?

**Mahendra Kumar:** Yes, we don't want to give any guidance like that, but yes, our direction, our efforts will remain so.

**Basudeb Banerjee:** On the earlier question, you said capex outlook for FY'25 was what in absolute rupee terms?

**Mahendra Kumar:** Sorry, capex?

**Basudeb Banerjee:** capex plan for FY'25?

**Mahendra Kumar:** Yes. That would be close to INR200 crores.

**Moderator:** The next question is from the line Ankur Poddar from Svan Investments.

**Ankur Poddar:** I have 2 set of questions. There has been increase in the long-term debt compared to last year. So why is that increase the long-term debt has increased by almost from INR415 crores to INR651 crores. So why is that increase?

**Mahendra Kumar:** Yes. So, basically, you should look at the total debt profile. So if you really see from, I think, INR1,635 crores or thereabouts, we brought it down to INR1,200 crores. If you really see last year's balance sheet, it was more of short term than long term, which was also creating significant stress on our liquidity also.

And that included the NCDs, which we actually repaid earlier last year, that is in FY'24. So what we did was we replaced some of the short-term debt with long-term debt just so that the liquidity pressure eases out over a period of time. In terms of the total debt, there was a significant reduction.

**Ankur Poddar:** Okay. Okay. So sir, in terms of total debt also, there has been sharp reduction, but on interest costs, we have not seen that direct impact, interest cost has remained similar compared to FY'23.

**Mahendra Kumar:** Yes, yes. So most of these reductions happened only in the recent times. So you should see that going forward. I think you would have already seen some good reduction this quarter in Q4. So that trend should continue going forward, assuming the business continues with this kind of performance.



- Ankur Poddar:** Okay. Sir, also, there has been sharp increase in other expenses. Is there sort of one-off there? What run rate should we assume on a consistent basis?
- Mahendra Kumar:** Yes. So that includes some of these one-timers, which we talked about, the provision which we created. I mean one of the prominent EV customers, plus a few other provisions also which we provide on a consolidated basis.
- Ankur Poddar:** Okay. And sir, employee cost has remained on a similar level to the last quarter. So should we assume there will be some increase going forward in Q1 and so forth?
- Mahendra Kumar:** There may be some increase because Q1 anyway tests this merit increase impact and all. But otherwise, this should grow more or less in line with the top line.
- Ankur Poddar:** Okay. Sir, can you share what would have been our revenue from EV customers in FY'24 as a percentage?
- Mahendra Kumar:** We mentioned earlier in the call, 5.3% was the total revenue from EV-related.
- Tarang Jain:** Close to INR500 crores.
- Ankur Poddar:** Close to INR500 crores.
- Mahendra Kumar:** 5.3%.
- Tarang Jain:** 5.3% of INR7,500 crores.
- Moderator:** The next question is from the line of Aakash Gopani from Investec Capital Services.
- Aakash Gopani:** Yes, yes. Sir, just wanted to understand regarding the state incentive, which you highlighted. So the duration is, if I'm correct, 10 years. So any total incentive amount over here, which we will be receiving over the next 10 years?
- Mahendra Kumar:** Yes. The period of benefit is 10 years. So yes, it is distributed equally or recognized equally over 10 years.
- Aakash Gopani:** So would it be fair to assume around INR50 crores every year for the next 8, 9 years hereon?
- Mahendra Kumar:** Correct.
- Aakash Gopani:** Okay. Understood. And, sir, the next question is can you please give us some update on the China JV? Where are we in that process?
- Tarang Jain:** Yes. So there's no significant progress on that particular matter. As we indicated earlier, the arbitration proceedings on the final verdict is likely to come out maybe by end of H1. So that's when around that time, we'll have something to communicate on this.
- Aakash Gopani:** Okay. And lastly, on the EV order wins over the last quarter or so, have you seen any slowdown in order wins over there just because of general slowdown in the EV volume offtake or change in subsidies? Any incremental thing you would want to highlight over there?

- Arjun Jain:** From a quarter perspective, I don't think that there is -- okay, if I put it differently if I answer the question really differently, I don't think there is a drop in engagement or a drop in interest from an EV product line perspective, of course, maybe market is a little bit slower, and I think we know subsidy is also reducing.
- But OEMs look to continue to optimize also, right, which definitely creates opportunity -- which definitely creates opportunities for us. So I would say the engagement is still strong. And I think, at this stage, we are, I think, quite happy with the amount of program and the amount of work that we have to do.
- Moderator:** The next question is from the line of Sonal Gupta from HSBC Mutual Funds.
- Sonal Gupta:** Just clarifying, I mean this INR989 million of government incentives that you recognized this quarter, how much would be FY'23 related?
- Mahendra Kumar:** It's 50-50. It's equally distributed on these 2 years.
- Sonal Gupta:** And so going forward, would we be taking it on a quarterly basis? Or it will still be like you'll take it as a lumpy number?
- Mahendra Kumar:** Yes, we will do it on a quarterly basis.
- Sonal Gupta:** Right. And just on the INR16 crores -- I mean the INR16 crores receivable write-off, how -- I mean that's all coming in other expenses?
- Mahendra Kumar:** Yes, that's right.
- Sonal Gupta:** And would you be able to quantify because you said there are other write-off provisions as well. So could you highlight what is the total quantum of these one-offs?
- Mahendra Kumar:** I don't want to call it out, but it's spread across multiple line items, but this is the most prominent one.
- Moderator:** The next question is from the line of Abhishek Jain from Alfa Accurate.
- Abhishek Jain:** Congrats on the strong set of number, sir. Sir, in this quarter, tax rate has gone up significantly. So just wanted to understand what would be the effective tax rate for FY'25 and '26?
- Mahendra Kumar:** Yes. So this quarter, we again took some conservative calls because we were also considering the deductibility of some of the expenses relating to R&D, which we incur for overseas. Plus the normal deferred tax charge, the asset charge that comes anyway. So in terms of the cash payout, if you really see, like how we communicated last quarter, we don't have to pay anything out in cash the next few years. But the normal deferred tax charge will, of course, continue to come in the P&L for the next few years.
- Abhishek Jain:** So what would be the effective tax rate for FY'25?
- Mahendra Kumar:** Would be maybe around 25%, 27%.

- Abhishek Jain:** Okay. And sir, you have guided incremental revenue growth of around INR850 crores in FY'25 and INR1,450 crores in FY'26. How much would be from the EV side?
- Mahendra Kumar:** First of all, the INR850 crores revenue is not a guidance. Second thing is the total revenue growth we are aiming for. This is only what is coming from the order book. Other than that, there should be regular organic growth anyway. Coming to the EV-related revenue, right now it is 5.3%, but gradually, it should move up to 10%, maybe by end of next year.
- Abhishek Jain:** Okay. And as the mix will change ICE versus EV, so what would be impact on the margin side, especially on the gross margin side? Because in EVs, most probably that gross margin would be lower in the initial years. So can you give some colors on that part?
- Arjun Jain:** So if -- I would say gross margin depends a lot more on the product lines rather than on the vehicle into which the product line is going, right? When I say that, what I mean is now, let's say it's in a forged part or an engine valve, the gross margin is always fundamentally superior versus if you look at an electronic assembly, the gross margin would actually be lower.
- So I think it would be early to guide on a gross margin per se. But for sure, I mean, like we said before, we assess from a PBT standpoint, right? So from a PBT standpoint, we believe all growth will be healthy.
- Mahendra Kumar:** Also, as we communicated in the earlier calls, we continue to focus on these cost reductions and other initiatives. So our effort is always to improve contribution margin steadily over a period of time, close to about 1% per annum is what we are targeting.
- Tarang Jain:** So basically, when it comes to the EV, it's not that the EV gross margin is superior, but eventually, whether it's ICE engine parts or EV parts, overall, the trends are quite similar. So the pressures are there, both. But with whatever our cost initiatives are on a bill of material or on the variable costs, we do expect our gross margin and the contribution margin, like what our CFO said, a 1% improvement what we look to achieve year-on-year at least for the next couple of years. That's what we are targeting.
- Abhishek Jain:** Okay. And in this quarter, what is the adjusted EBITDA margin, excluding the government incentives?
- Mahendra Kumar:** We can compute it, 11.1% is a total adjusted EBITDA margin, which we showed in the slides also. But you shouldn't exclude the entire government incentive, what pertains to last year was only about half of it, which is close to over INR50 crores. So that you eliminate maybe about 0.2%, 0.3%.
- Abhishek Jain:** Okay. And sir, in this quarter, we have seen a very strong geography mix and a segment mix, because growth in the fourth quarter was very much strong in the domestic side. Further in the segment side also 4-wheeler's growth was stronger. So how much benefit you got because of this mix? And will this EBITDA margin performance will continue or there will be a change on the mix?

- Tarang Jain:** Yes. So the growth, like we have always said that, see, we are going to be 6% to 8% ahead of the overall market growth in the country on the automotive sector. So we -- and definitely, we will see that our EBITDA is improving only as we move along. So this 10% will definitely go up as we go along. We are very confident, and we are also confident of our sales growth moving forward in FY'25.
- Moderator:** The next question is from the line of Vinay Jain from Karma Capital.
- Vinay Jain:** Congratulations on a good set of numbers. I just had one question. So if you see the revenue pie chart, which you have displayed in the presentation, there is a change in the mix. So now we are disclosing the domestic electrical and telecom business separately, along with lighting and overseas business. So if you could just give us a like-to-like number of how has been a growth for the full year for each of the 2 business segments? And maybe throw some color on how has been the sequential recovery in the overseas business? Those are my 2 questions, sir.
- Mahendra Kumar:** Yes. So coming to the sequential recovery in overseas business, it was good, better than the previous quarter, but not significantly better. So we'll have to give some more time to it. In terms of the segment-by-segment growth, maybe you should look at it on a full year basis. Most of the segments grew strongly, strongly well. The electrical electronics lighting and polymer business grew pretty well, strong double digits. The other businesses are moderate, maybe single-digit kind of growth.
- Tarang Jain:** Yes, just to add to what Mahendra just said. See, our focus in India has been more on electric electronics, lighting and polymer side, which has all grown very well in this previous year. And our metallic business has not grown as much by design. It's not just something by design if we want it even that could have grown more. But the design we have decided not to really invest too much on the metallic space, at least for the present.
- And when it comes to the overseas, we have a very strong drive for new business wins, both in our 2W lighting business out of Europe and out of Vietnam and also on the electronics business in Romania. And I think there, we are making very good traction in our new business wins, and I'm quite sure that, going forward, at least from the second half of this financial year, we will see a good increase on the revenue side.
- Vinay Jain:** Just correct me if I'm wrong, but Mahendra said, did he mention that it will take 2 to 3 years to get back to our previous numbers when it comes to overseas business?
- Mahendra Kumar:** I said 1 to 2 years. So that is to see the full kind of recovery. What our CMD was mentioning, we will see signs of positive recovery starting from second half.
- Tarang Jain:** The second half of this year, we will see because we are very, very focused on the business wins there. And we are able to meet with some success. And we will see better numbers now just on the second half.
- Vinay Jain:** Understood. And lastly, on the China JV. So again, like there is this volatility in the share of profit which you have recognized. How do we go about it as far as the China JV concerned and the profit number?

- Mahendra Kumar:** Yes. So China JV, of course, is somewhat seasonal in nature, particularly the Q4 had the Chinese New Year holidays and all. So because there was also lower volume. But I think we should see the full year number as a better picture of China numbers if we want to see it that way.
- Tarang Jain:** Q4 normally actually is the strongest, I think, quarter. And for them, for China, it's more like Q4 and for us is Q3. That's normally the strongest quarter and the Q1 for them and our Q4 is actually the weakest quarter because the Chinese holidays in February, almost there is very little revenue, maybe 50% or lower. So that definitely impacts the overall kind of results as such. But there also, I think there's a lot of very important business wins in the previous year, and we will see good growth in FY'25 as well when it comes to the China JV.
- Moderator:** The next question is from the line of Basudeb Banerjee from ICICI Securities.
- Basudeb Banerjee:** A couple of questions. One is how much is the receivables discounted end of this year?
- Mahendra Kumar:** See, on the average, you can say close to about INR600 crores of receivable discounting we have. It varies from week to week or month to month. But on the average, you can say it's about INR600 crores.
- Basudeb Banerjee:** Okay. So no major change from that, sir?
- Mahendra Kumar:** Yes.
- Basudeb Banerjee:** And second question, sir, if I missed out, is one-off write-offs which you accounted in the other expense for EV business. So which was the client name?
- Mahendra Kumar:** It's not appropriate on our part to disclose the name, but it is a prominent EV player, so you can guess the name.
- Basudeb Banerjee:** Can you discuss the reason behind writing off?
- Mahendra Kumar:** Yes. So we have waited long enough instead, as per the policy, we start providing for it after 1 year, 100%. So going by that logic also, it is enough for half of it, INR8 crores versus INR16 crores. But looking at the current scenario, we wanted to take a conservative approach provided for entire INR16 crores.
- Basudeb Banerjee:** Okay. So assuming that you are not in a position to get that.
- Mahendra Kumar:** Correct. We are still making efforts to recover it. So if it comes back later, then definitely, that's going to help.
- Tarang Jain:** We are still have not given up. I mean it's just that from an accounting angle, we've just been conservative here. But we are hopeful that there is some solution here on us recovering our amount.
- Basudeb Banerjee:** Sure. And last question, sir, from 5.3% of revenue being made, and on the other side, out of incremental order assets, I suppose you said almost 40% is from EV, am I right?

- Tarang Jain:** Yes.
- Basudeb Banerjee:** So this whole transition from current mix to 40%. So what are the key areas which is driving this significant mix, is that motors or it's other parts can you highlight, sir?
- Arjun Jain:** So I'll clarify, when the 40% number is to do with the new business wins. So of our total new business wins, more than 40% is going into EV models.
- Basudeb Banerjee:** I did not mean that. I did not mean that, sir. Incremental order that 40% is a significant number. So can you highlight which are the key area products from this 40% of incremental order are these coming from?
- Tarang Jain:** So I can -- I'll tell you, if I would divide between 2-wheeler and 4-wheeler, 2-wheeler will be largely the electric powertrain where the motor and some of the electronics is major for our business customer as well as there are a couple of other customers where we have won the business win last year where the production will start later this year.
- And in engine agnostic 2-wheeler also there would be other products like lighting and some of the other regular products we do on the EV, like seating, plastics, painting. So those kind of parts are there. And when it comes to 4-wheelers, it's to do with the lighting business as well as the plastic interiors, largely, like the top panels or the consoles or some of the painted parts, so that kind of business.
- Basudeb Banerjee:** So basically, there are various parts, which are powertrain agnostic that you are supplying to EV-specific models. And those products that you are separately classifying under EV orders, am I right?
- Tarang Jain:** Yes. So it would be both. It would be, of course, the EV powertrain products, which are largely two and three-wheeler driven. And there would also be -- there would be the other products, which are common to the ICE engine also would be in the EV and also, but the content of, I think, plastics, I think in EV product is, of course, significantly more because of light weighting. So there, we see a bigger business potential whenever we win a business.
- Basudeb Banerjee:** And would it be possible for you to highlight out of this 40% number of incremental order, how much is purely EV specific things and not seating or lighting or agnostic product part?
- Arjun Jain:** So directionally, it will be more than two-thirds is EV specific components
- Moderator:** As there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Tarang Jain:** So I thank you for all the questions, and thank you to everyone for joining this call and for your continuing support, and see you again once again after one quarter.
- Moderator:** On behalf of Investec Capital Services, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.