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VARROC/SE/INT/2024-25/58

August 12, 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]

Sub: Transcript of Investor / Conference Call pertaining to Unaudited Financial Results for the quarter ended on June 30, 2024

Dear Sir/Madam,

Please find Transcript of Investors / Conference Call held on Wednesday, August 7, 2024, in respect of the Un-audited Financial results for the quarter ended on June 30, 2024.

This is for your information and records.

For Varroc Engineering Limited

Ajay Kumar Sharma

Digitally signed by Ajay Kumar Sharma
Date: 2024.08.12 10:02:08 +05'30'

Ajay Sharma
Group General Counsel and Company Secretary
Membership No. A-9127

Encl: a/a

"Varroc Engineering Limited
Q1 FY '25 Post Results Conference Call"
August 07, 2024

MANAGEMENT: MR. TARANG JAIN – CHAIRMAN AND MANAGING DIRECTOR – VARROC ENGINEERING LIMITED

MR. ARJUN JAIN– WHOLE-TIME DIRECTOR AND CHIEF EXECUTIVE OFFICER –BUSINESS-I – VARROC ENGINEERING LIMITED

MR. K MAHENDRA KUMAR – GROUP CHIEF FINANCIAL OFFICER – VARROC ENGINEERING LIMITED

MR. BIKASH DUGAR – HEAD INVESTOR RELATIONS–VARROC ENGINEERING LIMITED

MODERATOR: MR. BASUDEB BANERJEE – ICICI SECURITIES

Moderator: Ladies and gentlemen, good day and welcome to Q1 FY'25 Post Result Conference Call of Varroc Engineering hosted by ICICI Securities. 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. Basudeb. Thank you, and over to you, sir.

Basudeb Banerjee: Thanks Sumit. Good evening all participants. Thanks to the management of Varroc Engineering for giving us the opportunity to host the call. We have with us the senior management represented by Mr. Tarang Jain, Chairman and Managing Director; Mr. Arjun Jain, Whole-Time Director and CEO of Business-I; Mr. Mahendra Kumar Karumanchi, Global Chief Financial Officer; and Mr. Bikash Dugar, Head of Investor Relations. So over to you, Tarang sir for initial comments.

Tarang Jain: Yes, Tarang Jain here. Thank you team ICICI Securities for hosting the call and good evening to everyone for joining the call. The Indian economy continues to perform well and the latest GDP growth for Q4 of FY'24 was a robust was robust at 7.8% for the quarter. This result confirms that India is the world's fastest-growing economy. The global economy continues to remain uncertain due to geopolitical issues in Europe and Asia and recession fears in the U.S.

In Q1 FY'25, strong domestic macro factors resulted in most of the automobile segment growing on a year-on-year basis other than the commercial vehicle segment. The 2-wheeler segment grew by 19.6%, 3-wheelers grew by 9.4%, passenger vehicles grew by 5.8%, but the commercial vehicles degrew by 1.4%. On a quarter-on-quarter basis, we saw a degrowth in almost all segments other than 2-wheelers primarily due to the cyclical nature of the industry.

2-wheeler grew by 6.1%, 3-wheelers degrew by 1.4%, passenger vehicles degrew by 10.3% and the commercial vehicles degrew by 13.4%. The overseas market especially the U.S. and the European market also showed negative growth for 2-wheelers. In the Asian region, the growth was largely driven by low-end segments and the premium segment continues to struggle for growth in this region.

During quarter 1 of FY '25 despite negative growth in overseas operations which we explained in our previous calls and some commodity price adjustments the company registered a revenue of INR18,989 million with a 5.2% year-on-year growth. The Indian business reported a growth of 11.3%. We remain confident that our business wins and EV volumes will be ramping up in the remaining part of this financial year. The profitability of the company was also impacted by the startup of cost owing to two plants -- two new plants in Maharashtra.

Despite these challenges, our company could registered a PBT of almost 3% during quarter 1 of FY '25. As indicated earlier, we are working on various special initiatives to achieve cost reductions across several categories of cost with special focus on fixed cost. We also mentioned earlier that we are increasing sourcing from renewable sources. The first phase of this initiative is expected to result in 36.6 megawatts of power of sourcing from solar power starting from quarter 2 of this year and is expected to give us an annual recurring saving of around INR200 million.

The Board has further approved Phase 2 to source another 14-megawatt power in this financial year. We are also implementing various initiatives in the overseas market also to reduce input costs and fixed costs. All these initiatives are expected to gradually improve our margins starting from half 2 of this year.

We also continue to remain prudent in our capital allocation and exercise tight control on working capital and capex. This resulted in a net debt reducing by further INR668 million in quarter 1 of FY '25 and our net debt to equity has improved to 0.59. We remain committed to improving free cash flow generation and centering the balance sheet. In the past 2 years, we have seen our efforts resulting in a strong free cash flow generation and debt reduction, thereby tendering our balance sheet.

This improvement has resulted in an upgrade to the credit rating of the company by 1 notch to AA minus for long term, and our short-term rating is at a top notch, which is A1 plus. Our endeavour remains to continue this journey of improvement in coming years also. In quarter 1 of FY'25, our lifetime new business wins was over INR7,959 million, the cumulative order wins are expected to result in an annual peak revenue levels of around INR1,416 million, nearly 48% of our business wins in this quarter has come from the EV players revenue from supplying to EV players in quarter 1 FY '25 was approximately 8% of our overall revenues.

Looking ahead, while the global economic environment remains uncertain, we are confident in our ability to capitalize on opportunities. We continue to innovate by further strengthening our engineering capabilities team and operations through further cost reductions and working capital optimization. Our endeavour will remain to expand our presence through focused products to drive sustainable growth and deliver value to our shareholders.

We also continue to focus more on export opportunities, growing our aftermarket business. We'll continue to build on our strengths, uphold our values and create value for all stakeholders. We have uploaded our 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 for this quarter. Thank you.

K. Mahendra Kumar: Thank you, Tarang. Good evening, everyone. Let me reiterate some of these highlights. 11.3% was the India business growth during Q1. At the total consolidated level it worked out to 5.2%, largely because of the challenges which we have in the overseas markets. We explained it in the previous calls also that H1 is going to be tough for us for the overseas business. But thereafter, we should see a gradual recovery over the next 1 to 2 years.

Coming to the profitability, we reported 2.9% PBT in Q1 compared to 3.6% last year. And EBITDA was at 9.1%. Net debt continued the downward journey. So we reduced by about INR66 crores in Q1. So we are now pretty close to INR900 crores with just about INR916 crores kind of net debt level.

As our Chairman mentioned the rating upgrade happened to AA minus. In terms of lifetime business one also close to 8 billion of new lifetime orders is what we could win in Q1 and interestingly almost 50% or 48% of the business EV-related basis. And actually the revenue from EV-related business in Q1 added up to 7.8% of revenue.

Coming to the cost reductions, as our Chairman pointed out, the renewable energy is now going to yield results from Q2 onwards, which should actually give us INR20 crores of benefits on a recurring basis annually. Further, we are also trying to invest in Phase 2, which will get us another 14 million megawatts through renewable sources. That should also give about INR7 crores to INR8 crores of recurring savings per annum, once it is implemented.

Going to the next slide, which is about the automotive production trends. I think some of these numbers were mentioned by our Chairman already. So if you see the year-over-year growth, almost all the segments registered either single-digit or double-digit growth, 2-wheelers grew by almost 20%. Commercial vehicles alone had a negative growth. On a sequential quarter-over-quarter basis, two-wheeler grew by about 6%, and other segments had a negative growth. In the current quarter, on a sequential basis, EV 2-wheeler actually registered a growth of close to 6%, 6.4%.

And then coming to the consolidated financials. As mentioned earlier, it's a 5.2% growth in top line, 2.9% in terms of PBT. There are couple of challenges, of course, which we briefly talked about earlier contributed to this kind of challenges in Q1. One is the -- in terms of profitability, if you really see the negative operating leverage in overseas operations had an impact, which we also indicated earlier.

In addition to that, there were a couple of new plants also, which have just commissioned operations in Maharashtra, so there are initial start-up costs, which impacted us in Q1. But here again, we should see gradual improvements in the coming quarters. So we are going to focus on ramping up of new volumes on the new order wins which we had in the recent times. So that should support revenue growth for the rest of the year.

In addition to that, as our Chairman also mentioned, we are focusing heavily on the cost reduction initiatives, particularly in fixed cost area. Coming to the balance sheet and ratios. As I mentioned earlier, the net debt is now close to INR916 crores. So that strengthens the ratios for us and the net-debt-to-equity is below 0.6% now, 0.59% and net debt to EBITDA is also just about 1.3%. And return on capital employed at about 16.3%.

The next slide, we have given the revenue breakdown. I think the key point to be noted here is the relative increase in size of electrical and electronics, plus also the polymers business. In terms of geography also, the India business strengthened further. And in terms of segments, 2- and 3-wheelers add up to now 78% of the total loan. And Bajaj business is now at 44.6%, close to 45%.

In terms of the order win close to 8 billion order win is what we are talking about. And this should result in an annual peak revenue of another INR142 crores. This is on top of what we announced earlier. And nearly close to 50% of this is in EV-related volumes. And another interesting point here will be 4-wheeler share is close to 71% of this total business strength. And the non-Bajaj part is almost like 85%.

So the next slide is about our continuing philosophy of improving the top line growth, coupled with margin improvements and ensuring that everything converts into free cash flow and prudently gets deployed. So that philosophy continues for us. So the subsequent slides are more for information. So let me stop here. We'll be glad to take your questions from here. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Aditya Jhawar from Investec. Please go ahead.

Aditya Jhawar: My first question is that if you can call out what was the impact of startup costs in the -- for the two plants in Maharashtra?

K. Mahendra Kumar: Yes. So I mean, it's a significant number. I don't want to give the exact number, but it should actually improve it in the coming quarters.

Tarang Jain: It's a significant number. And these are two plants which we have started in our plastic moulding business and also we're doing some fuel tanks in Bajaj Auto. So these are the plants we've set up for Bajaj Auto within -- in Bajaj Auto. And this is where I think these are the start-up costs. But going forward, we see that these losses in Q2 will be significantly reduced. And then we start making margins from Q3 onwards.

Aditya Jhawar: Okay. Okay. Fair enough. As you explained, the growth between India and overseas market, it would be great if you can give some perspective on profitability of India and overseas. A related question is that how should we think about margin expansion from here on, if you can break it down between some geographic mix changes, certain overheads that will get better absorbed over a period of time, cost saving initiative, mix change, how should we think about margin? And also the spread of profitability between India and overseas market?

K. Mahendra Kumar: Aditya, Mahendra here. So to give you the overall picture, as far as the India business is concerned, I think the cost reductions are gradually falling in place. If you eliminate the impact of the government incentives in Q4, I think there was some improvement, some reasonable improvement in the gross margins already in this quarter. So in India business, that story continues. And we are also focusing on all these other fixed cost reductions in the coming quarters. So that should strengthen the Indian profitability further.

As far as the overseas thing is concerned, as we indicated earlier, the negative operating leverage is coming and hitting us, which is what we indicated in the previous quarters also. That will take some time. I think it should slowly improve, but for us to see any concrete improvement, I think it will take anywhere between 1 to 2 years. So what we are now heavily banking on is on the cost reductions, while we wait for the ramp-up to happen on the volumes.

Our heavy focus is now on reducing cost, both in terms of the regular supply chain cost reductions, which we anyway do. On top of that, we are also working on some cost reduction programs with some big 4 consultants. So that will enable us to see some good cost reduction starting from H2, but again, for you to see the full year benefit, I think it will obviously start from next year.

Aditya Jhawar: And the number would you like to give what should we think about margin and the split between India and overseas

K. Mahendra Kumar: I mean, I don't want to put a number to it, obviously, but margins should certainly improve from the current level in the outer quarters as far as the India business is concerned. Overseas should more or less stay at this level. So on the whole, we should see improvement from the current levels.

Arjun Jain: And Aditya I would add. I think in India, I think we would expect incremental operating leverage also coming from the ramp-ups of the different launches that we've had, right? So of course, I think, in both different vehicles in the market that have launched, we have content over there. But also as EV volumes also continue to expand, I think all of that together would give us a fair amount of operating leverage also.

K. Mahendra Kumar: And what we have already announced, Aditya, is on the renewable energy part, which is like INR20 crores. So that itself is close to 0.3%. We want to be sure about the numbers. But the other things are still in the pipeline. -- maybe once we get clarity, we'll be able to share.

Aditya Jhawar: Okay. My final question is on order win. So if you see that EV is about 48% of lifetime order win -- and Bajaj Auto share in lifetime order win is sub-20%. So it would be interesting if you could highlight that what are the breakthroughs that we have had in EV orders in non-Bajaj customers and if you can highlight some products?

Arjun Jain: Yes. So it's -- so again, it's not necessarily just EV specific products, right? When we're declaring these order wins, we are bifurcating between what is going into an EV model versus what is going into an ICE model, right? Like we have declared before, we have 2 EV powertrain customers beyond Bajaj for whom development is ongoing. One is local, 1 is foreign.

So those SOPs also, we would expect within this financial year. Outside of that, there is a fair amount of business wins that have taken place across lighting, across painted plastics, across full-service applied polymer parts into passenger car, right? So I mean to give you a little bit of color. I think that's basically the broad split of the order we have.

Aditya Jhawar: Sure. I'll take it offline. That's it for me all the best.

Moderator: Thank you. The next question is from the line of Vishal from Svan Investment. Please go ahead.

Vishal: Sir, this question is regarding our gross margin. We have seen a slip of almost 190 basis points in gross margin. Can you explain -- is there any component of start-up cost sitting there as well or basically -- is it because of raw material escalation or -- can you throw some light on that please?

K. Mahendra Kumar: Yes, Vishal. I think you're looking at it sequentially. What you need to do is you need to adjust for the one-timer like government incentive which we had last quarter. So if we eliminate that from the revenue actually it improved by 1%.

Vishal: Okay. Sir, one more question regarding our overall growth. So if we see almost 55%, 60% of our business comes from the 2-wheeler and except for 2-wheelers sequentially all the segments have seen marginally decline or a double-digit decline in case of CV we have seen a double-digit decline.

And for us, top line has degrown by almost 4%. So is it fair to assume that there has been no content increase as far as growth is concerned for us in this top line -- in this quarter?

K. Mahendra Kumar: No, Aditya, I think, again, you're seeing it sequentially last quarter was colored by the government incentives, which was a cumulative thing which we took last quarter. So if we eliminate that from the base, it was more or less flat or maybe slightly about 1% increase sequentially.

But that was again driven by various factors. I think 1 of them in the lower ramp-up in the EV segment also, which should now pick up momentum because of the same 2 incentive and the other uncertainties, the EV volumes of 2-wheeler did not grow much in the first quarter. So it should get corrected from now on.

Vishal: Okay. Okay. So sir, in normal conventional vehicle volumes, we have guided that in the incremental order book, our content increase is much higher. So as the execution on the new order has not begun to that extent where it will materially benefit our content. Is this understanding right?

Arjun Jain: No, I would say the execution, I think for a fairly large portion of our order book and for the launches that were to be expected so far, the execution has taken place. But in terms of the ramp-up of the volume for that execution and also sometimes the customer model also is a little bit delayed. That also -- I would say that also potentially sets us back a little bit. But -- but having said that, I think in terms of execution being on track, I would say execution is largely on track.

Vishal: Okay. So sir, going ahead, how do you see our content increase in coming quarters and for this year. And there is a lot of noise going around that for 4-wheeler segment this year is going to be a challenging year. So how do you see going forward, our top line growth for FY '25 first half and second half, perhaps if you can throw some light on that?

Arjun Jain: So okay. I think we are thinking through this content increase topic, I would break it up into 2 parts, right? I think one is with, let's say, the level of technology that is already executed on certain vehicles driving incremental market share gain, right? So some of our launches really enable us to drive a level of market share gain, right? So that is one part of the story. And really, I think in 2-wheeler, I would say that is a more applicable part of the story because practically, the total content that we have talked about in the past, we have launched a product for almost -- I mean, all of that content, we have a product on the road to address it.

When it comes to passenger car, for sure, there is a level of content increase that is taking place both further content increase that's taking place both in lighting and also in terms of polymer parts. And I think those are launches that -- I think those are launches that we would expect to see those are launches, especially in the whole service polymer parts that we would expect to see through the rest of the year.

Vishal: Okay. Sir, in terms of -- we have seen there has been reduction in the debt levels. But our interest cost remained around INR44 crores for the quarter. In fact, for last 2 years, there has been some notable decrease in the debt levels. But quarterly run rate of the interest costs have remained almost at similar levels of around INR45 crores, INR50-odd crores.

So when can we see -- sir, first question is why is it so, why it's not a notable decrease in the interest cost and when can we see some kind of substantial decrease in the interest cost from here on?

K. Mahendra Kumar: No. Here again, I think we need to compare apples to apples. If you see Q4 number, Q4 interest cost. It also had a benefit of reclassification of leasing interest between interest line item and the other rental expense. So that way, if you really see in terms of the actual interest cost, there was a reduction of about INR3 crores. already between Q4 and Q1.

So that way, I think the benefit has started flowing in. We should see this continuing and becoming even better as we continue to repay it.

Vishal: Okay. Sir, I was comparing in fact, from first 3 quarters of FY '24, there was almost around INR50 crores of interest cost, which has decreased to INR45 crores last quarter in Q4, and now it is around INR44 crores. So my question was -- and in this period, there has been substantial decrease in the overall debt level.

So and that meaningful decrease in the interest cost hasn't come. So that was my question. I was coming from that when can we see? So as you're saying, that from quarter-on-quarter, we will be seeing some material decrease in the interest cost. Is the understanding right?

K. Mahendra Kumar: Correct. We should see it. Another point is if you're comparing with 1 year ago. Some of these lease interest also got added, like what we mentioned, some of these new plants had leasing arrangements, plus we have an R&D center also which got into a leasing arrangement or renewed it. So those lease interests are also included in this line item.

On top of that, there is a loan prepayment cost also, which got included under this line item in certain quarters. Here again, it's all bunched up under this line item called financing cost. So maybe some of this noise will get eliminated in the coming quarters because there are no more such adjustments, which are likely to come in the near future. So as the debt keeps coming down now from now on, you should be able to see that kind of reduction.

Vishal: Okay. Sir, my last question, if I can take 1 more. Sir, regarding our other expenses and the employee cost, is it the same -- a substantial portion of the start-up cost is sitting in these items. Is the understanding right?

K. Mahendra Kumar: Yes, you're right. Plus, it also includes impacts of some of these power cost increases. Those kind of things. Yes.

Vishal: Okay. So this has been elevated for last 2 quarters. So gradually, we should see some sort of decrease as we go ahead in the upcoming quarters as things will be absorbed from the point of view of the 2 plants, right?

K. Mahendra Kumar: Yes. So yes and no. The reason is, yes some of these start-up costs should come down going forward. But at the same time, as the scale goes up, it has both variable and fixed components. So some of the costs will also go up as the scale of operations goes up. And if you're comparing with the previous quarter, previous quarter also had this onetime write-off, which we took on 1 of the EV customers.

That is also part of this. So that way the previous quarter number was pretty high. But the current quarter number also will go -- I mean, will go up and down depending upon the scale of operations going up plus some of the start-up costs getting reduced.

Vishal: Okay. Thank you so much sir and all the best. Thank you.

Moderator: Thank you. The next question is from the line of Vinay Jain from Karma Capital. Please go ahead.

Vinay Jain: Very heartening to see a gradual improvement in the overseas business top line, although not that incremental, but a gradual steady growth coming there and the gross margins improving on a sequential basis. What is somewhat concerning to me is if you look at the domestic electrical, electronics and lighting business. So that has grown in high single-digit versus -- again, our mix also was favorable with almost 78% coming from 2-wheeler, 3-wheeler.

So just wanted to understand what am I missing over here? So versus an industry growth versus our mix also being higher, why is the revenue growth slightly on the softer side?

Arjun Jain: Yes. So I would say two or three different reasons, right? I think, one, if you look at the volume growth in the 2-wheeler industry it's largely come in ICE scooters and some 125cc and below vehicles where I would say naturally, we have slightly lesser presence. I think where we have fundamentally far more presence is in the 150cc and above. And also we have significant presence on EV.

So I think as those segments continue to ramp up and our launches in those segments ramp up, I think that is something that -- I think that is something that we will correct.

Further, I think, in this is also the passenger car -- passenger car lighting and passenger car for sure, I think, has been a little bit depressed in this quarter. So I would say that's really why in this quarter, you see that impact. But on the flip side, right, I think our polymer business given its pan-India presence and given significant volume presence across all segments of vehicles, I think you've seen that business do very well.

Vinay Jain: And Tarang, sir, in the opening remarks mentioned about the price -- commodity price adjustments also impacting revenue to a certain extent. So -- could you maybe dwell a little bit more on that aspect?

K. Mahendra Kumar: Yes. So these are some of the normal adjustments or price changes which keep happening in this industry, as you know. So this is again a transitory phase. So it should get corrected in the outer quarters.

Tarang Jain: Nothing very special or significant or something. And I think we will see really a lot of improvements from Q2 onwards.

Vinay Jain: And lastly, on -- coming to the PV segment, again, if you see 4-wheeler and others on a year-on-year basis, the degrowth seems to be quite sharp. So have we lost any business? So what is it pertaining to? Because if I see on a year-on-year basis, there is a drop of almost 19% coming on from the 4-wheeler and other business segment?

Arjun Jain: Yes. So again, I think there are -- again, there are multiple topics at play. I think one in our overseas market also, I think there was definitely an element of -- significant element of sales into 4-wheeler and then further, I would say, I think a lot of the growth that we've experienced -- a lot of the growth that we experienced year-over-year has really come more from 2-wheelers.

Tarang Jain: Basically, the degrowth was largely more, I think, in our foreign operations, not in the domestic operations, where it comes to passenger cars.

Vinay Jain: But just to better my understanding. So for the overseas, IMES would be largely contributing to this 4-wheeler segment, right?

Management: IMES is a non-auto segment. The overall export....

K. Mahendra Kumar: Yes. It would be in the 4-wheeler and others.

Management: IMES at the electronic part which we have in Romania.

K. Mahendra Kumar: Largely, it is this IMES facility and also our electronics plant in Romania where we have seen this kind of a degrowth.

Vinay Jain: Understood. Got it. That answers my question.

Moderator: Thank you. The next question is from the line of Jyoti Singh from Arihant Capital Markets Limited. Please go ahead.

Jyoti Singh: Sir, my question is on the debt reduction side as we have reducing debt from last 2, 3 quarters, but if I see, it's not significant, we are doing in the range of 6% to 7%. So can I get some visibility on that side when we are going to reduce significant.

K. Mahendra Kumar: Sorry, I didn't get your question. What is the 6% to 7%.

Jyoti Singh: Debt reduction that we've done.

K. Mahendra Kumar: Yes. So interest cost, how I explained in the earlier part of this call, we should not compare this directly with the Q4 number because Q4 number also includes a onetime adjustment between interest cost and the other rental costs and other items. So if you eliminate it, there is actually -- there was actually INR3 crores reduction between the 2 quarters. So as we continue to reduce debt in the coming quarters, this should actually give more improvement.

Jyoti Singh: Sir, my question is basically focused on the debt reduction side, like how much we are expecting further reduction.

K. Mahendra Kumar: Yes. So if you really see -- you might have seen what we reduced in the last 3, 4 quarters. So on the average, anywhere between INR50 crores to INR60 crores reduction per quarter has been the trend. So we should be able to continue this. Except that in between, we may have to invest some amount in terms of buying some additional land for our future growth. But otherwise, this should be the norm going forward.

Jyoti Singh: So we are -- I mean we don't -- we cannot expect significant, but it will be in this range only?

K. Mahendra Kumar: Yes. I mean, obviously, it has to come from free cash flow only. So -- so that's the kind of free cash flow generation anyway, which is what's going to happen going forward.

Jyoti Singh: Okay. And sir, another question on the PV content increase. So if you can shed some light on the exact quantum, how much we have increased?

Arjun Jain: See, it's difficult to put -- I mean, it's difficult to put, how I say it, a number on it per se, right? Because the range can be extremely, extremely significant. Of course, I think with -- I mean, offline, I think Vikash can definitely drive some more color for you. But I mean, practically, you could -- you could have lighting, which is that you could have a full set for INR15,000, you could have a full set of INR50,000 also, right?

So -- in terms of -- similarly, I think even on the polymer, right, based on the level of finish requirement, based on what is the touch and field expectation, whether for interior plastics, sometimes they maybe for exterior plastic, you can have a very wide range of that number it really depends on customer to customer requirement.

Jyoti Singh: Okay. And sir, just last question on the customer side. Like still Bajaj is contributing 45% of the revenue. So when we are targeting like other player in the industry that we can also then kind of that 15% from each customer. So when we can expect that?

Arjun Jain: Firstly, there is no stated desire to be at 15% from each customer. I think really the customer mix or even the segment mix, the derivative number based on what is the business that -- what are the businesses we have won, right? So I wouldn't say there is a strategy or a desire to reduce the share of Bajaj per se in some way.

Having said that, of course, today -- today in two-wheeler, we address and we supply to every customer in the market, every relevant customer in the market. So those touch points already exist. And I think if you see the order book also, I think the order book is definitely skewed a little bit -- the order book is skewed a little bit away from Bajaj. Further on passenger car as well, right? Today, if we look at the range of customers we have on passenger car, it is quite comprehensive right. We addressed Mahindra, we addressed Tata, VW, Renault, Nissan and then we have for the commercial vehicle -- MG Motors and then we have for the commercial vehicle customers also, right?

Tarang Jain: So I mean, so as we move around, you will see that this not that we do not value the business of Bajaj Auto and that will keep growing. But yes, this percentage will probably keep coming down as we go forward. It's just that, okay, at present, I mean, it is at a higher percentage, but our efforts are on to win business from every single customer. So -- and that is also happening. And we've also won last year, substantial business from others and Bajaj Auto. So those will all come into play in this year and the coming years.

Moderator: Thank you. The next question is from the line of Vishal from Svan Investment. Please go ahead.

Vishal: Can you -- I missed the point where you explained that 4-wheeler segment the business has seen some declines. So Y-o-Y, if you see 4-wheeler and other segments I have seen some around 18%, 19% decline. So is it because of losing market share or some models which were being awarded to has not picked up? Or can you throw some light what happened there?

K. Mahendra Kumar: No. So like how Arjun explained earlier, this 4-wheeler segment includes the overseas business also, which witnessed significant degrowth as we explained earlier. So it's a combination of both.

Tarang Jain: So the significant decline happened actually in 2 of our plants abroad, 1 is EMIS and the other was in our Romania Electronics plant, where we saw a substantial decline in the volumes because of the situation in Europe.

Vishal: Okay. So can you throw some light in terms of domestic business, has it grown Y-o-Y and Q-on-Q? Or what is the status there for 4-wheeler business?

K. Mahendra Kumar: 4-wheeler business overall has remained muted only, not grown, not degrown in the India business.

Tarang Jain: At present. But we will see the growth happening in the coming quarters that this business will grow with all the business wins we have which we have had last year and year before last.

Vishal: Okay. Sir, just one request and suggestion from my side, and it will benefit everybody. If you can give a breakup of exports between 4-wheeler and how there has been trend on a quarterly basis in your presentation. If you add that slide and some color on your export business as well that will be really value add for us.

K. Mahendra Kumar: Okay fine. We'll do that.

Vishal: Thank you so much. Thank you and all the best.

Moderator: Thank you. That was the last question. I would now like to hand the conference over to the management for the closing remarks.

Tarang Jain: So thanks once again for all for joining the call and for your continuing support to our company.

Management: Thank you.

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