

February 17, 2024

**The Manager,
Dept. of Corporate Services
B S E Limited
25th Floor, P. J. Towers, Dalal Street,
Fort, Mumbai - 400 001**

Dear Sir,

**Sub: Q3FY24 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 February 12, 2024 to discuss Operational and Financial performance of the Company for Q3FY24. Pursuant to Regulation 46(2)(oa) of the Listing Regulations, the copy of Transcript of above Earning Call has been made available on the website of the Company under Investors section.

The web link of the above Transcript is as under:

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

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

This is for your information and records please.

Yours faithfully

For Fiem Industries Limited

**Arvind K. Chauhan
Company Secretary**

Encls: A/a



Fiem Industries Limited
Q3FY24 Earnings Conference Call

February 12, 2024



COMPANY MANAGEMENT

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

MODERATOR

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



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Moderator: Ladies and gentlemen, good day and welcome to Fiem Industries Limited's Q3 FY2024 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 guarantees 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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded. 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 Manuja. Good evening everyone. On behalf of Monarch Network Capital, I welcome you all to the Q3 FY2024 conference call of Fiem Industries Limited. We will start the call with initial comment about the results and the future outlook of the company and then we will open the floor for question and answers. So without much delay now I hand over the call to Mr. J.K. Jain, Chairman & Managing Director of the Company. Over to you Jain Sir!

J.K. Jain: Thank you. Good afternoon to everyone and welcome to the Q3 FY2024 earning call of Fiem Industries. Joining me today on this call are Rahul Jain, Joint Managing Director; Rajesh Sharma, Joint Managing Director; Vineet Sahni, CEO & Director; Arvind Chauhan, Company Secretary, O.P. Gupta, CFO and other members of the finance team. The investor presentation and the results have been published on both the company website and the stock exchange. I trust that all of you must have reviewed the same.

The Indian economy continues to maintain a strong growth trajectory. As per the Reserve Bank of India, the real GDP for FY2024 is expected to increase by 7.3% on a year-on-year basis. This growth rate surpasses previous forecasts by the International Monetary Fund (IMF) and the World Bank, which were set at around 7% and 6.3% respectively. Despite global challenges Indian economy has been able to grow at a strong pace, supported by the domestic demand, capital investment and pickup in the private sector investment. Fiem Industries continues to deliver solid performance and has posted a 10.3% increase in the net sales to Rs.483 Crores in Q3 FY2024. I am pleased to report a strong 26% jump in PAT on a year-on-year basis to Rs.40 Crores. For the Q3 of the current financial year, two-wheeler industry has registered a robust growth with a production volume of 5.5 million units. We are seeing revival in the rural demand and consumer spending and expect a strong demand to continue in Q4 of the current year. On the electric vehicle front, the government has recently announced a significant boost to the fund allotted to the FAME II subsidy, an additional Rs.1500 Crores outlay has been given which should help the EV industry. During the quarter, EV volume increased to 2.4 lakh units as compared to 1.8 lakh in the previous quarter. This is a 34% increase as compared to the Q2. We are strongly positioned in the EV market and

continues to outpace the market trends. I am delighted to announce that your Company has made a breakthrough in the four wheeler passenger car segment. It has been selected as a supplier for the full LED headlamp for a high-end European car. The Company has received the purchase order along with the advance. Further, we have already commenced design and development of the same. We have also made significant progress with passenger car OEMs in India, some of them in the final stages. This is the first big step towards our journey in the passenger car segment. Further, as you are aware that our Board of Directors have recommended a bonus share in the ratio of 1:1 to reward our esteemed shareholders. Your Company is always committed to enhance the shareholders value. I now hand over to Mr. OP Gupta and the finance team to update on operational performances.

OP Gupta: Thank you Sir. Good afternoon to everyone. I am presenting numbers for third quarter ended December 2023. The company has registered sales of Rs.483.11 Crores in Q3 FY2024 in comparison to Rs.437.9 Crores in same quarter last year, which is a growth of 10.32%. The EBITDA for Q3 FY2024 is Rs.64.49 Crores translating into margin of 13.35% as compared to an EBITDA of Rs.59.63 Crores that is 13.62% in Q3 of previous financial year. PAT increased by 25.86% to Rs.40.3 Crores as compared to Rs.32.02 Crores in corresponding quarter of FY2023. During the quarter the company has made a capex of Rs.20.61 Crores. Capex for nine months period ended December 2023 is Rs.71.76 Crores. With this, I end the financial brief and now the floor is open for question and answers. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Aashin Modi from Equirus Securities. Please go ahead.

Aashin Modi: Hi congratulations Sir for this new breakthrough in the four wheeler segment that we have got, so Sir I would like you to talk more about this business and what was the technology spend which was required and what sort of margins do we expect in this business and also what sort of capex into capacity and technology do we expect in the four wheeler business going ahead?

Management: Thank you. I am Vineet Sahni this side and thank you for your question. See this is full LED headlamp which involves the latest technology and as we have shared in the past we have started this journey by creating the infrastructure for four wheeler and we opened our Pune design office also, so we have hired the necessary resources, so with this development is being done at Fiem Industries by our own team and we are working out the numbers but currently we will be using our existing capacities and no further capex is required for this particular business.

Aashin Modi: Sure Sir and given the fact that it is an export order it will be quite incremental on the margin front any guidance or anything over there?

- Management:** Not at this moment because the product is at the design and development stage so we will be updating appropriately in future.
- Aashin Modi:** Is there any timelines on when we should start picking up?
- Management:** So this will pick up in Q4 and beyond next year. It will go from Q4 of next financial year and beyond because the development lead time for such products is high.
- Aashin Modi:** Any thoughts on any form of technology licensing or any sort of JV we look to do going forward in this space or do we continue to expect it to do all the things in-house only?
- Management:** So we will do all the things in-house and wherever external supports are required we have outsource agencies who will help us but the responsibility is with Fiem Industries and we will do the development ourselves.
- Aashin Modi:** Sure Sir thanks. My next question is regarding the two wheeler customer and sales so we have seen a pickup on quarter-on-quarter in Yamaha versus Yamaha production numbers so any new business that has picked up in this Yamaha during the quarter?
- Management:** Yes there is additional one model which is being picked which is ZXR model that model is being converted into class B to class D where in the product is being now started for domestic as well as export market both. So that is the only one model which is being launched during this quarter.
- Aashin Modi:** Why I did ask this question Sir so Yamaha is seeing good ramp up last year and then it was flattish or a bit down this year so could you give us more clarity on how do we see Yamaha business going forward with what sort of model launch pipeline and what sort of a revenue growth do we see with Yamaha going forward?
- Management:** We have been awarded four businesses for Yamaha and we are looking for a sales figure with the volume which is being produced in India as well as export market.
- Aashin Modi:** Any quantum on how many models have been picked up and what new model launches as expected over next year?
- Management:** Two models will be launched during next year.
- Management:** I think specific data point we cannot disclose but directionally what Mr. Rajesh Sharma mentioned there are several projects in the pipeline and the business pipeline with Yamaha looks robust but specific volume number we will not be able to give you.

- Aashin Modi:** Sure Sir and the last question is regarding the order book so if you see in last one year our outperformance increase in the two wheeler industry has been a bit low so what percentage our instant order book is currently from LED and what sort of penetration growth could we see in the next one or two years given the fact that they are sort of penetration numbers?
- Management:** So, on the new orders for the current quarter our LED share is 51% which has increased from 47 that was there sequentially the previous quarter. The new order book that is there most of the projects are on the LED side so we expect this number to bump up significantly as we move forward. We had always guided towards 60 but we think this should move towards 65 to 70%.
- Aashin Modi:** Sure Sir. I will join back in the queue. Thank you.
- Moderator:** Thank you very much. The next question is from the line of Jatin Chawla, an individual investor. Please go ahead.
- Jatin Chawla:** Thanks for the opportunity. Sir my first question is when I look at Fiem's revenue growth over the last 8-10 years there has always been a reasonable outperformance over the underlying two wheeler industry now when I look at the last quarter the two wheeler industry grew 19% and Fiem has grown 10% and even for the nine month period there is not much outperformance this year that Fiem has over the underlying two wheeler industry so what is causing this and when is this kind of likely to change?
- Management:** So couple of points there. I think if you look at first the H1 the two wheeler industry volumes have been pretty flat in H1. Now if you look at the current quarter you are absolutely right the industry has grown 19% but that is in volume terms, what we are reporting is more our value terms and hence disconnect. I think structurally we continue to in fact maintain our market share if anything we have sort of got several new orders from our existing customers so there is no loss of market share what has happened is that there have been a couple of models, for example with Honda there has been a model which was launched for 100cc, Honda Shine. That model has done good volumes and we are not present in that. It is low cost entry model for Honda so I think because of these numbers sometimes you get the impression that there is distortion of figures but otherwise we continue to have the market share and over the next several quarters you will see that our product mix comes into play and we will continue to outperform.
- Jatin Chawla:** Got it and I think to the previous question you answered that you expect the LED share to rise eventually to 65 to 70% that is as a percentage on the revenue side or on the volume side, total volumes you expect that kind of share?
- Management:** This is on revenue, we reported on our revenue.



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Jatin Chawla: Right so when you say new order share revenue share is 51% that is not too different from what your current revenue share is within lighting if I look at your revenue share even today LED ratio is kind of 51- 52%?

Management: So as a company we are at 51% of all automotive lightings that we are doing, 51% is LED. This share at a company level will gradually shift towards 65 to 70% driven by the new pipeline that we have.

Jatin Chawla: But in the last quarter order book that you were saying it is still at 51% only right?

Management: Order book and LED share is a separate item. We are saying LED share for the company today stands at 51 was 47 last quarter. This will keep moving up towards 65 to 70%. Now the driver of that is the new order book that we have and that order book predominantly is mostly LED and which is why, structurally we are moving for higher LED share.

Jatin Chawla: Got it and on the EV two wheeler side post kind of government being tighter on the FAME subsidies we have seen some of the smaller EV two wheeler players are struggling with the volumes so how are you kind of placed with some of the larger EV two wheeler players and how do you see your EV share panning out over the next two, three years?

Management: We currently work with more than 35 EV players which are either small, medium, big. The largest of them, the middle, and the even the lowest. So we are pretty much hedged in terms of who is able to gain market share. Obviously, the top player today is the likes of the Ola or TVS, we work with all of them and our share continues to grow.

Jatin Chawla: Got it. Thank you.

Moderator: Thank you very much. The next question is from the line of Dishant Jain from Quasar Capital Partners. Please go ahead.

Dishant Jain: Sir can you help with the volume growth for Q3 or nine month?

Management: We do not give the numbers in the volume and you already have the growth in the value terms.

Dishant Jain: Just wanted to get an update on the Sonapat power plant like are we facing any capacity constraint due that power plant is affecting our volumes right now just wanted to check on that plant?

Management: No, actually if you see, what we submitted already the information we keep updated...the production was resumed within three days and whatever we are doing it will be quite fast, the restoration of all the facilities. As far as the capacity constraint, this is not there.

- Dishant Jain:** Sir any update on the insurance claim which are yet to be received, any update on that?
- Management:** This is under process.
- Dishant Jain:** That is all. Thank you.
- Moderator:** Thank you very much. The next question is from the line of Viraj Kacharia from SIMPL. Please go ahead.
- Viraj Kacharia:** Thanks for the opportunity. Just couple of questions. Now if you look at the sales breakup which we share in the presentation the reason why the sales performance has been relatively weaker compared to the two wheeler growth is if you see the other products that has not declined and even the plastic product segment we have seen a flat growth so the lighting business continues to see a very healthy performance so if you can just give some perspective what is causing a muted or a degrowth in ex of lighting product segments and if one has to understand the drivers of growth in these two segments in coming years what would that be?
- Management:** I think you are referring the plastic parts and the rear view mirror parts, if I have correctly understood?
- Viraj Kacharia:** Plastic and then Others.
- Management:** Others, okay so you have to see that our main product line is always the lighting, and other the rear view mirror. So whatever is the requirement of the customer, what we are doing the plastic parts and Others always remain as per the customer requirement. But why this percentage is showing less growth, because the growth has happened more into the lighting. So this is the only reason.
- Viraj Kacharia:** Sir what I am asking is what is causing a flat growth in plastic product segment and similarly if I look at others we have been trying to introduce new products for many years also so in other products also what is causing the degrowth because that is the only reason why overall sales performance has been on a relative basis lower than what the end market has grown?
- Management:** See some of some of de-growth that you are talking in plastic is also softening of the raw material costs therefore it is not reflecting as a revenue growth. While we understand we need to focus on these products more which are coming in our strategy we will in future focus more. Our current focus is more on our prime product, which is lighting.
- Viraj Kacharia:** Second question Sir this is to Mr. Sahni so first of all congratulations to you and the team and to Mr. Jain on this milestone of breakthrough in PV, just couple of questions here, one is what would

be the size of order indicatively and second is wanted to understand the top five KPIs for you or the major milestones what would that be and where are we right now in that journey?

Management: So see at this moment we are not able to disclose the right numbers and details. Important point today was to make an entry into four-wheeler and that too of the top end product which is a full LED headlamp. Now what it does to us is we create a right infrastructure to develop such complicated products for OEMs not only for Europe but also for Indian market that makes us future ready as Fiem industries into four-wheeler segment and with this we are now armed to approach Indian OEMs as well and this is in final stages as intimated by Chairman and in future we do see a good growth in this segment. However, I must tell you that the lead time for development of such product is high in four-wheeler, so therefore we are not talking about any numbers at this moment.

Viraj Kacharia: The question on the major milestones for you say either before you start putting in any major capex and also in terms of the breakthrough say in Europe what we understand globally the market is very concentrated between the top three, four players, they would have more than 70-75% share so for us who is kind of venturing into four-wheeler space for the first time what has enabled us to gain share especially in export market in Europe?

Management: See our strategy is to move step-by-step and in a strong manner. We do not want to commit errors, so we do not want to jump and get into very big OEMs and order. We need to first create right infrastructure to support our customers and move step-by-step so as you talked about KPI as I told you the next step is to make entry into some of the OEMs in India and we are actually at very close to doing that and then start in a small manner and then gradually once we prove ourselves I am sure our customers will respect us by giving us bigger orders.

Viraj Kacharia: Okay just two more questions if I may, one is on the employee cost if you see there has been a healthy jump in last two, three quarters and put on year-on-year basis so any one-off in this or what is causing this and second is on the tie-up we have any update you can give in terms of the scale of operation and how do we see that?

Management: First is about this employee cost, you see it is result of two things, one is that our four-wheeler team has increased and resources are being hired for design and development, that is one factor. Further, the small impact.. that there is a shutdown also for some days, so that also impacted, because production is less. Next question was about the Gogoro, right?

Management: Like Gogoro have launched first model that model is mainly we launched for the B2B. Now the coming year they are planning to have a B2C that volume we can foresee during next year so as of now they have not started the mass production they produce very small quantity and looking for the good business from B2B segment only as of now.

- Viraj Kacharia:** Sure I will come back in queue. Thank you.
- Moderator:** Thank you very much. The next question is from the line of Anubhav from Prescient Capital. Please go ahead.
- Anubhav:** If I look at the revenue from other OEMs and I suppose the electric two wheeler OEMs would be in this category that saw 7% year-on-year degrowth while if you look at the numbers for Ola this quarter they have seen a very healthy growth so what is causing this degrowth in the revenue from others, is it like from the other OEMs or how is it?
- Management:** Your observation is correct. This... Other OEMs are all, other than top four which we report separately. And as far as the percentage is concerned what is down or up it is because so many customers are there except this four, every small customer or even the other OEMs are in this. So there is always a change in the business. So, this is happening, otherwise there is no big reason of any difference.
- Management:** So just to support, this I think we can confirm there is no loss of business share we supply as per the demand and the production of the OEMs, so if OEM production is less then naturally the revenue will be less but it is not at the cost of losing any business to competition.
- Anubhav:** I get that. Sir apart from Ola would you be able to share like which are the other key top EV, two wheeler OEMs for you?
- Management:** TVS, Simple Energy, Ultraviolette, Ampere, Okinawa, Revolt, these are the major customer to whom we are working as of now.
- Anubhav:** I get that and the TVS volumes would be categorized as for TVSs I suppose not in the others category for the electric two wheeler?
- Management:** Yes, everything for TVS.
- Anubhav:** Sir Hero MotoCorp apart from the Harley-Davidson model they have launched a couple of other models like I think there is a Zoom scooter which is coming with LED headlights and Karizma also they have launched or launching a model so are we supplying to any of these new models?
- Management:** No, these two models whatever you named are not of our portfolio. The new launch will be during next month which is having our Fiem products within this and further on... during the next year we will be expecting two new models wherein the complete presence of Fiem is there.
- Anubhav:** I get that. Thanks. That is all from my side.

- Moderator:** Thank you very much. The next question is from the line of Varun Arora from B&K Securities. Please go ahead.
- Varun Arora:** Thank you for the opportunity Sir. Sir can you repeat your employee cost I did not get your point?
- Management:** So... the question was about some increase in the employee cost during the quarter. The reason is one is the new team is joining in the four-wheeler and other is, there is small impact of the shutdown also in second half of December for some days.
- Varun Arora:** Sir what is your outlook for next quarter as well as for FY2025 what sort of growth you are seeing now if you can throw light on that?
- Management:** I think overall the two wheeler industry, I think H2 we have always maintained is looking better and we continue to maintain that Q4 looks optimistic and not just Q4 as we look ahead for the next year FY2025 we see all roadblocks being removed so to speak as far as the growth is concerned and I think the two wheeler industry will grow well and we should grow even better.
- Varun Arora:** Sir by the way on LED share so you said 65 to 70% you will achieve, by what timeline you are looking at this number since we are at now 51%?
- Management:** So between two to three years is what this outlook is for.
- Varun Arora:** Sir coming back to the previous participant's question you said by next quarter Hero will launch couple of products like just you said, just for clarification I need?
- Management:** Next quarter will be one model wherein next year will be couple of models.
- Varun Arora:** Couple of models and are you also there in the recently launched Xtreme 125R so are you guys there?
- Management:** No, we are not in that.
- Varun Arora:** Thank you Sir. That is all from my side. Thank you.
- Moderator:** Thank you very much. The next question is from the line of Sahil Sanghvi from Monarch Network Capital. Please go ahead.
- Sahil Sanghvi:** First of all congratulations to Jain Sir and Vineet Sir for the breakthrough in four wheeler space. My question is what was the contribution from the EV two-wheeler and revenue in 3Q?
- Management:** So, this EV is 5.6%.



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- Sahil Sanghvi:** I think there were a couple of new model launches that were expected to come in Q4 this year I understand Hero there is one and Yamaha there is I think two, three correct me if I am wrong any other launches expected in Q4?
- Management:** Piaggio new model is coming during Q4.
- Sahil Sanghvi:** That is all, right?
- Management:** Yes that is it.
- Sahil Sanghvi:** Thank you.
- Moderator:** Thank you very much. The next question is from the line of Jatin Chawla from RTL Investments. Please go ahead.
- Jatin Chawla:** Thank you for the opportunity again. This order on the four wheeler side that you said European customer is it an export order or you are supplying domestically to a European OEM?
- Management:** It is an export order.
- Jatin Chawla:** You will be exporting. Normally we see LED headlamps or headlamps are not a product which kind of travels very easily?
- Management:** Yes, it does. But we offered value proposition to them and not in cost but in the speed of development and therefore, we could get this order, so in overall scheme of things we were selected for this source.
- Jatin Chawla:** Got it. Second question is on TVS so Honda you explained right that there was a particular model which is doing well hence maybe compared to overall Honda volumes you are not doing that well even on TVS when I look at the last five year CAGR also your revenue CAGR is 5% now TVS volume CAGR itself is 5% and given the LED penetration their overall revenue CAGR would have been much higher so it seems we have lost some share of business within TVS also at an overall level, what is kind of causing that?
- Management:** No, we have not lost any share. In fact, we have gained share so I do not know what figures you are talking about. Our TVS numbers even if you look at in the current quarter our sales have increased 27%. So, I do not know what figures you are quoting but we continue to maintain our market share.
- Jatin Chawla:** I was looking at slightly longer term numbers FY2019 to FY2024 and it seems there is almost only like a 5% kind of CAGR in revenues over that period?

- Management:** Probably, value-volume is getting mixed. I think if we take like-to-like we are very confident we would have not lost anything at all but we can come back with a detailed data point for you.
- Jatin Chawla:** Sure that would be useful. Last question so we see a lot of two wheeler auto ancillary companies given that there is a big kind of onetime shift happening in the industry where industry is moving from ICE to EV are entering new components, any plans from that side?
- Management:** We had already announced during our last quarter because with Gogoro we have tie-up to make a hub motor and motor controller and coming forward we will be in ECU also so this production will start during first quarter of next year. We are just installing the machineries and we will be ready to explore the market with these two products as of now motor controller and hub motor during next year.
- Jatin Chawla:** This is for Gogoro only right now right or any other OEMs also we have?
- Management:** This will be initially with Gogoro and further on we will explore with new customers also.
- Jatin Chawla:** Thank you.
- Moderator:** Thank you very much. The next question is from the line of Viraj Kacharia from SIMPL. Please go ahead.
- Viraj Kacharia:** Thanks for the opportunity. On Hero what we understand they are looking at upgrading the existing major brands they have in terms of the aesthetic part and the current supplier seems to have challenges when it comes to LED capabilities. So are there any discussions around order wins for the existing major brands they have or the pipeline you talked about is largely for new model portfolio?
- Management:** As of now, we are working for the new model, as and when we will get the opportunity for the existing models wherein any problem is faced by customer we are ready for accepting this because we have a capacity and capability available with us.
- Viraj Kacharia:** Second question is on the PV announcement. So, just trying to understand which OE would this we supply the reason again I am trying to ask you what you said on the entry strategy that we are not looking to compete directly with the MNCs head on and if you look at the market structure there also you have the likes of (inaudible) 40:12 so they are kind of supplying across the Board right from mass market so just trying to understand what segment and OE which we are catering initially?

- Management:** So we are catering to a niche segment, to start with but with high technology product and at this moment we are unable to disclose all details but that is all part of our strategy. Like you are aware company has to prepare very well for addressing this kind of a market, which demands high quality and high technology so this is part of our strategy and we are moving as per that.
- Viraj Kacharia:** So when you say niche segment is it within the passenger vehicle segment or it is a different application segment altogether?
- Management:** It is passenger car.
- Viraj Kacharia:** Is it more of fresh order or we are more of a second source supplier to them?
- Management:** It is fresh and it is a new development. We are doing complete design and development.
- Viraj Kacharia:** I understand there are initial orders we have and we are also talking to other OEs in India but one has to look into the milestone for investment in a facility what would you be looking at in terms of the milestone before putting or committing to a large investment?
- Management:** See normally, the milestone for any new plant is one order which justifies a capex. So we are very prudent in deciding on capex and a new plant. For example, any order let us say India 50,000 to 100,000 vehicles set is the right quantity to set up a new plant so this is our journey and we will go step-by-step and at appropriate time we will inform about setting up new plant when we are ready for such big orders.
- Viraj Kacharia:** So I understand this may be more of a chicken neck kind of a situation but in your interaction say with the OEs especially in India would not this also be one of the major barriers in terms of getting the business because they may want a dedicated setup when it comes to four-wheeler and right now we do not have any such infrastructure in place so in terms of our approach also would we be open to setting up this capex even before we get any order or how are we kind of approaching this whole thing?
- Management:** It is not prudent to set up a capex or a new plant without the order because lighting is a highly capital intensive unit. However, I want to tell you we have entire facilities available with us to convince our customers. Our existing plants will get approved and they are in the final stages of approval, because customer sees our management and the experience in building up the product which we have. So, we will invest very judiciously and we will be very prudent in our capital investment as it is very important to do it at appropriate time.
- Viraj Kacharia:** Just one more in terms of investment also in P&L you said that lot of resources we have added, lot of investment tech capabilities buildup we have done even before we got the order so in terms of

investment we have kind of frontloaded a lot of that in the P&L already, one has to understand and say the annual investment and P&L we have been doing what would that be roughly?

Management: It is just the manpower, technology cost that we are talking. We have not ordered any machine it is like softwares and the skill that we have.

Viraj Kacharia: I am just talking on that perspective as well, just indicatively like more like 15-20 Crores kind of investment in P&L?

Management: Sorry to interrupt you it is too premature to give you any number. At appropriate time when we have a right business plan in place we will keep you informed.

Viraj Kacharia: Fine sure. Thank you and good luck.

Moderator: Thank you very much. The next question is from the line of Smit from Monarch Network Capital. Please go ahead.

Smit: Congratulations on a decent set of numbers. Sir my question is regarding wallet share in say headlamp, tail lamp, etc., with the OEMs?

Management: This wallet share actually we share on the yearly basis and I am sharing this wallet share for the last financial year FY2022-2023. I will start with TVS. For headlamp we are having 68% and for tail lamp is 86%, winker 85%, RVM 62%, and DRL we are 100% and license lamp is almost 95%. For Yamaha head lamp is 83%, tail lamp is 63, winker is 10% and RVM is 82%, position lamp we are 50%. For Suzuki head lamp is 71%, tail lamp is also 71% and winker is 4%, RVM 100%, reflector is 100% and license lamp is also 100%. For HMSI head lamp is 40%, tail lamp is 76%, and winker is 85%, RVM is 100% for position lamp and reflector it is 100%. These are for FY2022-2023.

Smit: Thank you Sir and one more question regarding some other products which we had mentioned in our annual report that is the USB charger and GAPS sensor with technical assistance arrangement that we have Toyo Denso, any light on that regarding some timelines or what stage of development the product is in and when can we expect the products to contribute to revenue?

Management: So this is with our existing technology partner that is Toyo Denso. So, maybe it is too early to talk about this, maybe in next year, we will update you when anything happens.

Smit: Thank you.

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

Anubhav: Sir for the motor control unit product can you provide some detail on what stage are we in terms of product development and any details like when can it be launched over here?

Management: On hub motor and motor controller, we are already supplying SKD as of now to Gogoro wherein our all equipments are on the way trans transferred from Taiwan which we will be expecting by mid of next month and one month is required just to have installation of this so by next year first quarter we will resume our production for complete domestic assemblies of hub motor and motor controller.

Anubhav: Just a followup like will it require like investment in a team because motor control unit in my sense is very software and electronic intensive so like what kind of development effort will it require?

Management: SMT lines are already available with us and the software and other circuit design everything is being as of now provided by our partner Gogoro. So we will start the production with the facilities available with us wherein the specific assembly line and the testing machines are under transit right now.. which will be installed shortly and by first quarter we will start the production.

Anubhav: Sir what is like thought on this eventually will it like localized or what percentage of localization will there be for this product?

Management: We are working to localize by more than 75% of the product wherein 25% will be the electronic component which will of course be import from outside only.

Anubhav: I get that. Thanks that is all from me.

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

Sahil Sanghvi: I would like to thank the management first of all for very patiently and elaborately answering all the questions. On behalf of Monarch Network I would also like to thank all the participants for joining the call. Jain Sir would you like to give any closing comments.

J.K. Jain: 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 do not hesitate to contact us. Thank you and have a good day and good evening.

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

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