

Fiem Industries

13 August 2026

Operator: Ladies and gentlemen, good day and welcome to the Q1 FY27 earnings conference call of Fiem Industries Ltd., 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 of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star and zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sahil Sanghavi. Thank you, and over to you, sir.

Sahil Sanghavi – Monarch Network Capital: Thank you, Anushka. Good evening, everyone. On behalf of Monarch Network Capital, I welcome you all to the Q1 FY27 conference call of Fiem Industries Ltd. We will start the call with the initial comments about the results and the future outlook of the company, and then we will open the floor for questions and answers. Now I hand over the call to Mr. J.K. Jain, the Executive Chairman of the company. Over to you, Mr. Jain.

J.K. Jain – Executive Chairman: Thank you. Good afternoon, and welcome to the Q1 FY27 earnings call of Fiem Industries Ltd. Joining me on today's call are Rahul Jain, Managing Director; Rajesh Sharma, Joint Managing Director; Aanchal Jain, Joint Managing Director; Arvind Chauhan, Company Secretary; O.P. Gupta, CFO; and other members of the finance team. Our investor presentation and the results are now available on our website and the stock exchange. We trust that you have reviewed them.

Let me start with the broader economic backdrop. Geopolitical conflicts continued, trade and tariff tensions remained elevated, and the global supply chain faced fresh disruptions. At the same time, we saw a significant increase in input costs and continued pressure from the weaker rupee. Despite these headwinds, the Indian two-wheeler industry delivered a record first quarter. Industry volumes reached 7.25 million units, the highest ever for a first quarter. Growth was supported by GST rationalization, easier retail financing, and strong rural demand, while exports and electric vehicles grew even faster. For us, this is an important signal. It demonstrates the underlying strength and resilience of the Indian automotive market, even when the global backdrop remains uncertain.

Against this backdrop, Fiem has had a strong start to FY27. Our sales grew 18.6% to ₹ 770 crores, while margins remained stable at 13.5%. TVS had an excellent quarter. The iQube crossed 1 million cumulative sales, and the second model of the Norton Menex was launched for export to the UK. We are proud to be part of this program, with more projects expected to launch in the coming quarters. Honda remains a valued and long-standing partner. Our business grew in line with its volumes, with several new models in the pipeline. Hero remains our fast-growing customer, with our business growing strongly, led by the Vida EV platform. From next quarter, we will supply all Vida lamps for Hero's new plant in Andhra Pradesh from our Hosur facility. The recent launch of the X440, which Hero is exporting to the US market, also features Fiem's front and rear lighting.

Now let me turn my attention to the electric vehicle segment. EVs accounted for more than 9% of two-wheeler volumes in Q1, up from around 6% a year ago. We believe EV adoption is a structural

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shift and an important opportunity for Fiem because EV platforms typically carry higher LED-intensive lighting content. As we are participating across the EV ecosystem, during the quarter we commenced supplies for Ather's new model, Monarch. We are also supplying River for its new RX02 model. In addition, we have commenced supplies for Royal Enfield's EV Flying Flea model. Our customers have also announced significant enhancements in their capacities. TVS is expanding two-wheeler capacity from 6.8 million to 8.3 million units by year-end. Hero is tripling Vida's capacity from 15,000 to 45,000 units a month. These investments give us confidence about the underlying growth opportunity.

We are also enhancing our capacity by expanding our Hosur footprint at both our plants situated at Kelamangalam and Thally Road. While two-wheelers remain our core growth engine, we continue to focus on building the four-wheeler business. Supplies to Mahindra & Mahindra are scaling up as planned, while several other projects are progressing well. Our development program with Force Motors and other leading OEMs is also moving forward. As we look ahead, we see strong momentum across the industry and a healthy opportunity for Fiem. The festive season is starting on a strong note, and the shift towards premium and electric vehicles is increasing the content opportunity. With a strong order book and pipeline, we are well-positioned to deliver the next phase of growth. With this, I now hand over to Mr. O.P. Gupta and the finance team to take you through the detailed financial performance.

O.P. Gupta – CFO: Thank you, sir. Good afternoon to everyone. I would like to present the Q1 numbers for FY27 in comparison to the corresponding quarter of last year. The company registered quarterly sales of Rs. 769.9 crore in Q1 FY27 as compared to Rs. 649.07 crore in the same quarter last year, registering growth of 18.62%. EBITDA in Q1 was Rs. 104.06 crore, translating into an EBITDA margin of 13.52%, as compared to Rs. 87.36 crore in the same quarter last year, with an EBITDA margin of 13.46%. The PAT of the company also increased to Rs. 65.19 crore as compared to Rs. 56.05 crore, representing an increase of 16.31%. The LED lighting share in total automotive lighting remained at 63% during the quarter. During the quarter, the company incurred capex of Rs. 41.15 crore. With this, I end the financial brief, and the floor is now open for questions and answers. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We take the first question from the line of Garvit Goyal from Serene Alpha. Please proceed.

Garvit Goyal – Serene Alpha: Hi, am I audible?

Management: Yes, please.

Garvit Goyal – Serene Alpha: Thank you for the opportunity. I have two questions. One is on the cost side. You mentioned that there has been a significant increase in costs due to spikes and adverse currency movements. How do you see margins for the rest of the quarters of this financial year, sir?

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Management: The margin guidance for the year is approximately 14%. Your voice is low, sir. Hello? Yes, the margin—can you hear us now? Yes, perfectly fine. The margin guidance for the year is around 14%. You would see that the first quarter has generally been a quarter in which there is an increase in costs, including employee costs and so on. But for the full year, we believe that we should average around 14%.

Garvit Goyal – Serene Alpha: The cost increase that you witnessed in Q1—are we able to pass it on to the customers? If yes, how many months does it usually take?

Management: There are two kinds of cost increases in Q1. One is employee cost, and the other is raw material cost. We believe that the raw material cost is something that [inaudible]

Arvind: We will be able to pass on the raw material cost to customers. It does happen with a lag of a couple of quarters. That is why we said that over the full year we should be able to realize the benefits of the raw material cost increase.

Garvit Goyal – Serene Alpha: Understood. In this quarter, what was our revenue contribution from four-wheelers?

Arvind: Four-wheeler revenue contribution is similar to what it has been over the last 1 year, which is around 2.5%. It is not significant at this point in time. We believe that the four-wheeler business will really start becoming meaningful over the next 2 years. This year as well, we believe that it should remain at a similar level, but from next year onwards we should see a significant increase.

Garvit Goyal – Serene Alpha: I wanted to understand more about the four-wheeler side. As far as I remember, last year you said we would see a meaningful contribution from four-wheelers from FY27 onwards. The reason I am asking this question is that, if you look at your peers, they are growing significantly better, and I raised this point earlier in the conference call as well. The point is, what kind of challenges are we facing in the four-wheeler segment in scaling up? We are now delaying it by another year, because we are saying that we will grow from FY28 onwards. Can you please help us understand what kind of challenges there are? We understand that this is a new segment that we entered.

Arvind: No, you are absolutely right in asking the question. The four-wheeler business is something that we have embarked upon, and we do have a meaningful target in mind and a business strategy. However, as we look to scale up, there are a lot of initial checklists and many processes to be followed, which are taking longer than we expected. We would have ramped up, as you rightly said, to a significant number in FY27, and that number will probably come next year now. But we continue to work very hard, we continue to put in a lot of resources, and we continue to be very hopeful. It is just that the conversion cycle with customers is taking longer.

Garvit Goyal – Serene Alpha: Okay, and just the last thing, what kind of growth—

Arvind: The way we look at this business is that we actually look at it from a 10-year lens. Whether it takes another 12 months or 18 months, we look at it as something that—

Garvit Goyal – Serene Alpha: Actually, the reason I am asking this is that LED penetration at the industry level is rising. If the competitors continue increasing their market share, will it become

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more difficult for us over time to gain those market shares from them? That is my understanding. You can correct me if I am wrong, sir.

Arvind: Again, you are right; it is never going to be easy. When we entered, we knew that it would not be an easy market to enter. But I think our last 3 years of work will help us. Whether it takes another 1 year or 18 months, we are committed to working hard in this segment. But it is challenging, and you are also right that competition continues to increase, with more capacities coming up and so on. These are challenges that we will be able to handle.

Garvit Goyal – Serene Alpha: Understood. What will be the full-year top-line target for this year?

Arvind: Please say that again; we could not hear you.

Garvit Goyal – Serene Alpha: The top-line target for this year, sir.

Arvind: We are looking at overall revenue guidance of around 15–20%.

Garvit Goyal – Serene Alpha: Okay, understood. Thank you, sir, and all the best for the future. I will join the queue again.

Operator: Thank you. We take the next question from the line of Anubhav Mukherjee from {? Prescient Capital ?}. Please proceed.

Anubhav Mukherjee – {? Prescient Capital ?}: Congratulations on the recent set of numbers. My first question is regarding the Q4 FY26 earnings call in the previous quarter. Management had given guidance of 100–150 crores of revenue from the four-wheeler lighting segment. Has there been any significant change, because we are downgrading that guidance in just 1 quarter? If you could give us some insight into what has changed in just 1 quarter that we are decreasing the guidance.

Arvind: In some parts, we answered that question in the last response as well. What we are saying is that our revenue target has perhaps been pushed out by 2 quarters. What we expected to fully materialize in FY27 will spill over into FY28, which is why we believe that the four-wheeler business at a headline level will still be around 2.5% of our revenue, which is slightly lower. But again, the way to think about it is in terms of the long-term trajectory and what we are doing over the next 2–3 years. We believe that we are still well-positioned to capture the market, as you must appreciate that some of these orders are going to be lumpy. At one point in time, we will end up with a large order. So sometimes it takes more time. We do expect FY27 to be slightly lower than what we had indicated earlier for four-wheelers.

Anubhav Mukherjee – {? Prescient Capital ?}: Understood. HMSI has announced a very strong launch pipeline of 10 models, including 7 models. Can you give us some insight into whether we are in product development for these new models? Also, how do you see your share of business in these new models compared with your existing share of business in HMSI?

Management: Our overall wallet share, if you look at the current quarter, remains the same or is better and is in line with the customer's requirements. We are working on a few models that have been launched, and there are a few models that will be launched in the near future. We are in the

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pipeline, but of course there are projects involving LED lamps that are under development and at our R&D stages. We are working together with HMSI very closely.

Anubhav Mukherjee – {? Prescient Capital ?}: Do we feel that we are maintaining our wallet share in HMSI across all these new models as well?

Management: We are very hopeful, and we are working on that.

Anubhav Mukherjee – {? Prescient Capital ?}: For Mercedes, we were doing some prototype development work. Can you share some progress on that? Has it progressed into an actual order win?

Management: Mercedes prototyping is already being done. We have submitted the samples for their testing and evaluation. This requires almost 1.5 years or 2 years for testing and validation at the vehicle level, after which they will issue the actual RFQ or RFI to proceed further with the actual product for mass production.

Anubhav Mukherjee – {? Prescient Capital ?}: You mentioned Acer. Are we the sole supplier of auto lighting for Acer?

Management: Yes, for the project that is being launched, we will be the sole supplier for that model.

Anubhav Mukherjee – {? Prescient Capital ?}: And for the earlier existing models?

Management: No, the existing models were with another competitor. But this is a model that has been won by us with the latest technology required for the real market.

Anubhav Mukherjee – {? Prescient Capital ?}: Yamaha was flat year-on-year this quarter. In the previous quarter, we mentioned that we had a very healthy pipeline with Yamaha for 8-9 models. Can you give us some insight into how you see revenues from Yamaha in the rest of the financial year?

Management: This financial year, we hope Yamaha will remain at the same level, with the growth that was presented during our last quarter. We have export models as well as domestic models. During the last quarter, export models declined slightly, while some models performed well in the domestic market, where our contribution was slightly lower. To be clear, we are not present in the Fascino model, which performed well, whereas the R15, MT-15, and Aerox models, which were launched 2 quarters ago, were slightly slower during this quarter. We hope that, over time, all these models will perform well, and we will achieve the target required for this financial year.

Anubhav Mukherjee – {? Prescient Capital ?}: Thank you. I will get back in the queue.

Management: Thank you.

Operator: Thank you. We take the next question from the line of Viraj Kachariya from SIMPL. Please proceed.

Viraj Kachariya – SIMPL: Thank you for the opportunity.

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Operator: Sorry to interrupt, Mr. Viraj. We are not able to hear you.

Viraj Kachariya – SIMPL: Am I audible now? Hello?

Operator: Yes, please.

Viraj Kachariya – SIMPL: This couple of—Is it better now? Hello?

Arvind: Yes, better. Please continue.

Viraj Kachariya – SIMPL: Yes, go ahead—market share—

Operator: Sorry to interrupt, Mr. Viraj, but your voice is breaking. I would request you to join the queue again. Hello?

Viraj Kachariya – SIMPL: Is it better now? Hello?

Operator: Viraj, your voice is breaking when you are speaking.

Viraj Kachariya – SIMPL: Hello? Yes, is it better now?

Operator: Can you speak again?

Viraj Kachariya – SIMPL: Hello?

Operator: Could you please join the queue again? Till then, we will proceed with the next question. It is from the line of Arun Agarwal from Kotak Securities. Please proceed.

Arun Agarwal – Kotak Securities: Thank you for the opportunity, sir. My first question is on auto lights revenue. The share of LED lights in our auto lights revenue has ranged between 61% and 64% for the past 7 quarters. However, in the previous few years we had seen a very sharp acceleration. We understand that one reason could be the improved demand for entry-level two-wheelers, which have halogen lamps. At the same time, we are also seeing EVs performing very well, growing and outperforming the industry. I wanted to understand how you see this transition happening over the next 2–3 years. How do you see this share moving this year and next year, based on the order book?

Management: The market is moving towards LED, and all customers introducing new models are coming with LEDs only. Further, the EV market is growing from 6% to 9%, where LED is mandatory, and we are working together with them. Based on what has been declared by the market, we hope that by 2030, almost 90–95% of the market will have LED only.

Arun Agarwal – Kotak Securities: So even a lot of your—

Management: We are working on that, and our share of business with respect to this will remain on an increasing trend.

Arun Agarwal – Kotak Securities: Should we understand that you are saying that by 2030, 90–95% of our auto revenue should come from the LED segment? Is that correct?

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Arvind: No, let me rephrase that. LED will progressively move higher. In the last 2 years, you are right, it has stagnated because some models have continued to perform well. But that trend should move towards more LED as we move forward in the next few years. By 2030, it is not that everything will move 100% to LED, because old legacy models might remain. However, new models are increasingly moving in that direction. If you look at the next 24-month trend, we think we should move towards a figure of around 70% for LED over the next 24–30 months. Another point is that, in the spare market, if you consider the SPD, the spare market remains active for 15 years or so. We have to continue those models and cater to the aftermarket business of all our OEM customers.

Arun Agarwal – Kotak Securities: I understand that, but my question was that the trend has been somewhat stagnant over the last 2 years, and I wanted to understand whether there is anything we are missing. My next question is on employee costs. We saw a fairly sharp increase. I think part of that would be the minimum wage hike and part would be the annual increments. Is that correct, sir?

Arvind: That is right for this quarter.

Arun Agarwal – Kotak Securities: Have these minimum wage hikes been implemented across all our plants in all the states, or can we expect further increases in the coming quarter?

Arvind: No, Arun, this is Arvind. The first state to implement this revision in minimum wages was Haryana, and our 2 factories in Haryana are Rai and Kundli. This is being progressively implemented by other states as well, but the increase in Haryana was particularly steep, at almost 35%. Other states are also following the trend. Tamil Nadu and—

Arun Agarwal – Kotak Securities: Has that impact come in Q1, or—

Arun Agarwal – Kotak Securities: Will we see a little spillover in Q2? I am trying to understand that part. Or let me put the question another way: will the employee-cost run rate this quarter remain similar over the next 3 quarters, or could we see some increase in the second quarter as well compared with Q1?

Management: You are correct in your reading. It will remain in the same range in the next 3 quarters as well.

Arun Agarwal – Kotak Securities: Okay, thank you. My last question is with respect to Yamaha. I understand that you have already answered that question, but I wanted to understand whether there is any specific reason why Yamaha's exports suffered. We have seen a very large variation: domestic volumes were up by 40–50%, while exports were up by only around 2–3%. Based on the current monthly production schedule, do you see that trend improving immediately and in the coming quarters, or will it take more time for exports to improve?

Management: I think we had already answered this question. Another point is that the export model is based on the cycle required by the continents. Europe is always in its winter season when others are in their summer season. This is the cycle we discussed: we see that 6 months are always very good for the export market, while the other 6 months are better for Europe, and the US is always somewhat lower. Similarly, in the Indian market as of now, the XSR, FZ, and Aerox models, where we have 100% contribution, were slightly lower during this quarter, whereas the R15 and Fascino

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performed well. We are very bullish about the Yamaha business, and we hope we will recover everything during the next quarters and coming years.

Arun Agarwal – Kotak Securities: Thank you. Just one last thing: how much would full-year capex be? We did 41 crores in Q1, I think. What is the full-year guidance?

Management: This year we should target around 100-odd crores. We did about 110-odd crores last year, and this year it should again be 100 crores.

Arun Agarwal – Kotak Securities: Would this include the capacity increase at the Hosur plant that we were discussing?

Management: Yes, a large proportion of it is going towards South India and Hosur, where there is a significant capacity requirement for EVs for TVS and many other OEMs that we deal with. Most of this capex is directed towards South India and Hosur. Some part of it is also in Tapukara, but most of it is towards South India and Hosur.

Arun Agarwal – Kotak Securities: All right, sir. Thank you very much.

Operator: Thank you. We take the next question from the line of Siraj Kachariya from SIMPL. Please proceed.

Siraj Kachariya – SIMPL: Hi, am I audible now?

Management: Yes, much better.

Siraj Kachariya – SIMPL: I have just 2 questions. Most of my questions have been answered. If we look at the competitive landscape for two-wheeler lighting, especially among the top 4 customers we cater to, what we have been seeing is that the competition has been having a very high win rate, whether with HMI or now similarly with TVS or Suzuki. I am trying to get a perspective on market share. Have we seen any share erosion? Any insight you can give on that would be helpful.

My second question is regarding the hands-off detection system with sensors and a small PCU that we discussed in the annual report. Is this a new product initiative that we have introduced? Can you give us some insight into the thinking behind it, and whether we could see a similar range being expanded and launched in the market?

Management: The wallet share with all 4 of our top customers remains similar, and we are growing together with them at the same pace as we have over the past several years. We are working very closely with them, and for all new models required by customers such as Honda, Yamaha, Suzuki, and TVS, we are working together with them. More than {? 1,000 ?}, more than 100 models are together with us.

Siraj Kachariya – SIMPL: Can I make one small request? 2-3 years ago, we used to share segment-wise wallet share with the top 4-5 customers, including headlamps, taillamps, and our wallet share. Perhaps, on an annual basis, you could share something similar. The reason I say this is that when we scan the competitive environment and map our segment sales against the customers' production run rate, it gives the impression that there has been a share loss with HMI or elsewhere.

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If you could provide some insight on an annual basis regarding our wallet share, it would probably give more concrete relevance to our positioning. This is just a suggestion, but if you could start that practice again, it would be quite helpful in providing clarity to many other investors as well.

My second question is regarding the hands-off detection system with sensors and a small PCU. Can you give us some insight into whether this is a new initiative that we are starting with, or—

Management: Viraj, your voice is breaking intermittently.

Siraj Kachariya – SIMPL: Am I audible now?

Management: Yes, go ahead.

Siraj Kachariya – SIMPL: A few years ago, we used to share segment-wise wallet share with the top 4–5 customers, including headlamps, taillamps, and {? in FY16 or so ?}, as well as our wallet share. Perhaps on an annual basis you could share something similar. It would provide much more perspective. That is just a suggestion.

Regarding the light control module or hands-off detection, we have started an EMI/EMC lab and invested significantly in developing capabilities in-house. What other product categories do we think we can leverage based on the lab and our electronic capabilities?

Operator: Sorry to interrupt, Mr. Viraj. Your voice is breaking a lot while speaking.

Siraj Kachariya – SIMPL: Is it better now? Hello?

Operator: Yes, it is better now, but your voice is breaking when you speak.

Siraj Kachariya – SIMPL: What I was asking is that we have invested significantly in the EMI/EMC lab and developed other capabilities in-house. Based on these capabilities, what other product categories do you think we can leverage in addition to lighting, for supplying to existing or new customers, or to other new industries?

Management: I will first answer your second question. The proof of concept for hands-off detection has already been completed, and it has been presented to almost all the customers. We are working very closely with them. In addition, we are working very closely with 2 or 3 customers on the LCM, or light control module, which will be launched soon. This will provide an additional enhancement to the technology currently available.

This is supported by the system created in-house, especially the EMC/EMI lab, which is giving us a boost by enabling us to conduct testing and validation quickly and reduce the overall development time according to customer requirements. Regarding the wallet share, highlighting it in advance is difficult because of customer confidentiality. It is very difficult for us to disclose the additional models that are coming in the near future because the customer launches the product first, after which we declare our volumes and models.

Siraj Kachariya – SIMPL: I did not mean in advance. For FY23 and FY24, for example, since those periods have already passed, perhaps on an annual basis you could start providing that information. It would give much more perspective. That is just a suggestion.

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Management: We are currently focusing on our core business, which is lighting. Along with that, the LCM, or light control module, is currently being consolidated with the individual lamp into the module. This will reduce the overall development time for individual customers and individual models. We will focus on this, and in parallel we are also working on other segments. As and when these are discussed and finalized, we will definitely disclose all such businesses going forward.

Siraj Kachariya – SIMPL: Okay, thank you. Good luck.

Management: Thank you.

Operator: Thank you. We take the next question from the line of Jinesh Chopra from Chopra Capital Partners. Please proceed.

Jinesh Chopra – Chopra Capital Partners: Hello, thank you for the opportunity. I wanted to ask about the significant cash and cash equivalents on the balance sheet, roughly around 280 crores, while we effectively have no debt on the balance sheet. What is our capital-allocation priority here? Are we looking at further ramp-up of four-wheeler capex, an acquisition, or capex of any other kind in fixed assets?

Management: There are many opportunities in the pipeline, both organic and inorganic. There is the normal capex that we are undertaking, and there could be potential capex at some point when the four-wheeler business requires it. There are also opportunities in electronics and other segments. Because of this, at this point in time we would like to evaluate the opportunities and be ready when they arise. From that perspective, we would like to focus on using this cash for growth going forward.

Jinesh Chopra – Chopra Capital Partners: If we compare ourselves with peers, they are funding similar growth through debt and expanding rapidly through capex. What are our plans regarding raising debt in the future?

Management: We are also undertaking the capex required for our business. Most of our OEMs are expanding, and we are expanding alongside them. Under no scenario will we have a situation where there is demand and we do not have the capacity. However, we will undertake capex judiciously and avoid over-capex. Given that internal accruals are currently strong, we would like to use them. At some point, if this cash is utilized for other organic, inorganic, or electronic-related activities, we may raise debt. If debt is required, we will certainly take it.

Jinesh Chopra – Chopra Capital Partners: Okay. Thank you.

Operator: Thank you. We take the next question from the line of Kush Nahar from Electrum. I would request Mr. Kush to unmute and then speak. As there is no response from Kush Nahar's line—

Kush Nahar – Electrum: Hello?

Operator: Yes, you are audible now. You may proceed.

Kush Nahar – Electrum: Thank you for the opportunity, sir. Could we have a mix of motorcycles and scooters in terms of our revenues and the current order book, and what market share do we have

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with the OEMs in that particular segment?

Management: Kush, as of now we do not differentiate between motorcycles and scooters. Whatever is given in the overall two-wheeler mix can be seen in the presentation.

Kush Nahar – Electrum: I wanted to better understand the growth because I think motorcycles underperformed scooters in Q1. I wanted to assess the company's growth in that respect.

Management: We cater to customers according to their requirements.

Kush Nahar – Electrum: All right, sir. Secondly, regarding the new products you are working on, such as the LCM and hands-off detection, what kind of increase in content per vehicle can we see going forward? What additional value can we provide per vehicle? Any sense on that?

Management: Hands-off detection is currently at a very preliminary stage. It is being discussed with the customer and is being integrated with the vehicle and the component. Therefore, it is very premature at this stage. There are sensors and multiple technologies being adopted based on customer input received from their ECU or other sources. We have already developed our POCs and presented them, but we are waiting for feedback from our customers before implementing them at the development stage.

Kush Nahar – Electrum: All right, sir. Thank you.

Operator: Thank you. The next question is from the line of CA Garvit Goyal from Serene Alpha. Please proceed.

Garvit Goyal – Serene Alpha: Hi, thank you for the follow-up. I have 2 more questions. One is regarding the initiatives we were discussing a few years ago, such as hub motors.

Garvit Goyal – Serene Alpha: We were looking to enter other areas to increase our content per vehicle in two-wheelers. Regarding hub motors, we initiated the hub motor and motor controller project with Gogoro. However, Gogoro is no longer in India, and we have also stopped working on {? Nox ?} or any of our models in this segment.

Garvit Goyal – Serene Alpha: I think this relates to my earlier question. You mentioned that there were some procedural delays, due to which the four-wheeler segment business is being delayed. Can you provide more detail on that? What kind of delays are these?

Management: There are no procedural delays. Obtaining a new order has its own timeline and its own complete cycle. Sometimes, that cycle cannot be predicted. Sometimes, we would like it to happen, but the development timing and development time for an average new four-wheeler product would be 3 years. Since we are starting afresh and also onboarding a new client, there are many processes. As we have highlighted in the past, this is going to be a long-term business for us. There is no single procedural delay or any other specific issue. It is an ongoing journey for us that is taking longer than we had expected.

Garvit Goyal – Serene Alpha: Understood, sir. Thank you.

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Operator: Thank you. We take the next question from the line of Akshat Shah from Ashika Investment Managers. Please proceed.

Akshat Shah – Ashika Investment Managers: Thank you for taking my question, sir. My question is regarding the two-wheeler industry production volumes this quarter. Please correct me if I am wrong, but in your opening comments you said that 7.25 million units were produced in Q1. I am curious to know whether we were able to outperform the industry volume growth, or how we performed this quarter.

Management: The total industry volume was 7.25 million, which at the production level represents approximately 22.8% growth. If you look at it customer by customer, whether it is TVS, Honda, or Suzuki, we are in line with those volumes. Yamaha is different because Yamaha India's volumes are significantly higher than our volumes. We have explained why that volume gap exists and why it prevents us from matching those volumes.

Akshat Shah – Ashika Investment Managers: Understood, sir. My second question is regarding raw materials. What raw materials are we primarily using, and what kind of pricing pressure did we see? Quarter-on-quarter, there has been a compression of about 130 basis points.

Management: If you look at current prices and input costs, there is pressure from almost every input cost. We have 20% import content. There is a lot of input-cost pressure, including—

Management: Currency.

Management: Yes, all of that, along with currency depreciation. There is input-cost pressure across the industry, not just for us, and across various industries beyond automotive as well. For us, the good news is that we should be able to pass this on with a lag, which is what has happened in the past. There has been an 80-basis-point increase in raw material costs and an overall increase of 120 basis points, as you mentioned. We should hopefully be able to pass on and recover all of that over the next few quarters. At a normalized full-year level, we should be able to make up this difference.

Akshat Shah – Ashika Investment Managers: Okay, sir. Thank you for that. All the best.

Management: Thank you.

Operator: Thank you. The next question is from the line of Aditya Kondawar from Complete Circle Capital. Please proceed.

Aditya Kondawar – Complete Circle Capital: Hi, team. Sorry, I joined a little late. Please excuse me if this is a repeated question, but I wanted revenue and PAT guidance for this year and to understand what kind of growth projection we are seeing for the next 3–4 years.

Management: Our guidance remains the same. We guide for top-line growth of around 15–20% and an EBITDA margin of around 14%.

Aditya Kondawar – Complete Circle Capital: Does the same guidance apply to this year and the years to come?

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Management: That is right. We are confident that until we undertake anything significant in another business, whether four-wheelers or any other business, we will continue to maintain this in our two-wheeler business.

Aditya Kondawar – Complete Circle Capital: Okay. All the best. Thank you.

Operator: Thank you. Participants who wish to ask a question may press star and one on their touchtone telephone. We take the next question from the line of Kush Nahar from Electrum. Please proceed.

Kush Nahar – Electrum: Thank you for the follow-up opportunity. I wanted to understand the new technologies apart from the LCM. Previously, we had discussed focus lighting and projection lighting. Is there any update on their development and the stage we are currently at?

Management: Can you repeat that once again?

Kush Nahar – Electrum: My question was regarding the new technologies we discussed over the last couple of quarters, namely focus lighting and projection lighting. Is there any update regarding product development or pending customer approval, and at what stage are we?

Management: These are all businesses being introduced to the customers available in India, and we are waiting for their feedback to implement these technologies.

Kush Nahar – Electrum: Understood. So it is primarily at the customer-approval stage.

Management: We are working closely with the customers and presenting the data required. We are waiting for their feedback to proceed further. This is a new technology.

Kush Nahar – Electrum: Would the next step in this process be RFQs for mass production, or is there something in between?

Management: There is an intermediate stage. Every customer requires POCs and prototype samples to be implemented and checked at its end. Every lamp is integrated with mechanical, optical, and electronic systems. Therefore, everything should be aligned with the customer's requirements and system. This is most important to assess and finalize before the RFQ stage.

Kush Nahar – Electrum: That is exactly the stage we are at today. After that, would we be waiting only for mass production? I am trying to understand what the next step would be.

Management: The next step will be the RFQ. RFQs will be converted into the cost factor and valuation at the vehicle level and product level. The product being launched with this kind of technology will also add to the cost. These are some of the factors that will be presented to customers, and it will entirely depend on when the customer decides to implement this kind of technology.

Kush Nahar – Electrum: Do we think that this will first go into premium models and then flow down to the mass market? Is that what we are targeting?

Management: We are certainly hopeful and are working closely with customers.

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Kush Nahar – Electrum: All right, sir. Thank you.

Operator: Thank you. We take the next question from the line of Tushar Verma from SDG Investments. Please proceed.

Tushar Verma – SDG Investments: Thank you for the opportunity. Good evening, sir. My question is on LED penetration. When you say that the LED share is 63% of total lighting and will increase directionally, I would like to know whether this is at the company level or the industry level, and whether it is on a value basis or a volume basis.

Management: First of all, this is at the company level and on a value basis, not a volume basis.

Tushar Verma – SDG Investments: What is the industry-level LED penetration for the two-wheeler industry?

Management: It is very difficult to estimate it at the volume level.

Tushar Verma – SDG Investments: Okay, sir. That is all from my side. Thank you.

Operator: Thank you. We take the next question from the line of Akshat Shah from Ashika Investment Managers. Please proceed.

Akshat Shah – Ashika Investment Managers: Thank you for the follow-up. My question is regarding ambient lighting. A couple of quarters ago, we mentioned that we had this technology that we were looking to develop. In the broader scheme of things, if we look at the opportunity, this was a feature primarily for premium cars, but now we are seeing cars priced at around 15–20 lakh rupees also come with these features. This could also be a way to premiumize. What are our plans now, and what stage are we currently at?

Management: We are currently working on ambient lighting. The project was initiated by us with optical fiber. At present, a very basic technology is being used, which does not provide uniformity in ambient lighting. We are working on this very closely with the customer, and we hope that in the next year or so we will be able to secure business in this area.

Akshat Shah – Ashika Investment Managers: Is it possible that we see inroads in this area before we see them in lighting equipment compared with lamps? Is it possible that we see this first?

Management: It entirely depends on the customer's requirements and the customer inputs needed inside the lamp and inside the vehicle. It is designed based only on the vehicle's performance and requirements.

Management: It will also depend on customer demand.

Akshat Shah – Ashika Investment Managers: Okay, understood, sir. Thank you.

Operator: Thank you. Participants who wish to ask a question may press star and one on their touchtone telephone.

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As there are no further questions from the participants, I would now like to hand the conference over to the management for the closing comments. Over to you, sir.

Management: I would like to thank everyone for participating 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 evening.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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