



Fiem Industries Limited
Q4&FY'25 Earnings Conference Call"
June 02, 2025



COMPANY MANAGEMENT

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

HOSTED BY

MR. SAHIL SANGHVI – MONARCH NETWORTH CAPITAL

Moderator:

Ladies and gentlemen, good day, and welcome to Fiem Industries Limited Q4 FY '25 Earnings Conference Call hosted by Monarch Network Capital Limited. 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.

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 guarantee of future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Sahil Sanghvi. Thank you, and over to you, sir.

Sahil Sanghvi:

Thank you, Avinath. Good evening, everyone. On behalf of Monarch Network Capital, I welcome you all to the Q4 and FY '25 conference call of Fiem Industries Limited. We will start the call with the initial comments about the results and the future outlook of the company. And then we'll open the floor for question and answers.

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

J. K. Jain:

Thank you. Good afternoon, and welcome to the Q4 FY '25 earnings call of Fiem Industries. Joining me on today's call are Rahul Jain, Joint Managing Director; Rajesh Sharma, Joint Managing Director; Vineet Sahni, CEO and Director; Arvind Chauhan, Company Secretary; O. P. Gupta, CFO; and other members of the finance team.

Our investor presentation and the results are now available on our website and the stock exchange. We trust you must have reviewed the same. I am pleased to share that the company has started a new Innovation and R&D Centre at Gurugam. This facility will include consolidation of Mechanical, Optical and Electronics along with CAE capabilities. In addition, we are also setting up the state of art EMC / EMI, Electronic validation laboratory, which will be the first of its kind in the Indian lighting industry.

For integrated approach and speedy development of the new product in electronics, we are setting up prototyping facilities, SMT and assembly line. This Corporate Office includes the top management is also at the same location to support the integration and the consolidation process. I expect this strategic move will enhance our efficiency and our capability to serve our customers better.

Now let me turn to the industry's performance. FY '25 has put up India's 2-wheeler market back into the high gear. The industry's volume for the year grew about 11%, but Fiem was able to outperform with 20% growth. On operational front, we have posted another record performance for the Q4 and the year ending FY '25. Our revenue have grown up strongly to INR2,422 crores, and we have -- we are able to deliver all time high PAT of INR204 crores for this FY '25.

Our new product development pipeline remains very strong. Design Centres in India, Italy and Japan have shortened the development time line, allowing us to roll out new projects faster. This quarter, Honda Activa EV was launched, where Fiem is single source for Rear Combination Lamp, Front Position Lamp, Licence Lamp and Mirrors. Yamaha rolled out new models, Tracer 700 and NovaFactor, fitted with Fiem Headlights and Position Lights for the European and Brazilian markets.

And the Royal Enfield Classic 350 facelift model, we started supplying full lighting solutions. For Hero Motors, we have started supplying Headlights for its new Xtreme 250 model. TVS iQube model where we supply Headlamps, Tail Lamps and Mirror continues to take leadership positions in EV market. We also supplied full lighting solutions to TVS for their new model Apache 4G. All these new models launched are LED based, and these demonstrate our continuing leadership in this market.

Our 4-wheeler push is also gathering speed. We are happy to inform the commencement of the production of our first product, LED Licence Plate Lamp to Mahindra & Mahindra, this product is now approved for all models.

We have also received confirmation of development of three new projects for their highest-selling model, Bolero, which includes development of the High Mounted Stop Lamp. Our earlier order of the Headlamp and Tail lamp was executed flawlessly, while we received appreciation from Mercedes, Germany. We have now received another order for the Headlamp for their new Development Car Project.

As we look ahead of FY '26, the outlook remains bright, driven by the strong rural demand and a favorable monsoon expectations.

Company's Board has always believed in sharing its earnings with the shareholders and the company continues to achieve new milestones and generate record profits, the Board of Directors have recommended highest-ever dividend of 300%, which represents 39% pay-out. This record pay-out is in line with our ethos of sharing value with the shareholders.

With this, I hand over to Mr. O. P. Gupta and the finance team to update on operational performance.

O. P. Gupta:

Thank you, sir. Good afternoon to everyone. I will present the Q4 FY '25 number compared to corresponding quarter of last year and also for full year ending March '25. The company has registered quarterly surge of INR633.8 crores in Q4 of FY '25 as compared to INR554.7 crores over same quarter last year, registering a growth of 14.26%.

For the full year, we have achieved net sales of INR2,404.96 crores as compared to INR2,014.37 crores, representing a growth of 19.39%. As a percentage of total automotive lighting, the LED lighting stands at 59.3% in FY '25 as compared to 52% during last year. The EBITDA in Q4 was INR83.81 crores, translating into an EBITDA margin of 13.22% as compared to INR75.46 crores over same quarter last year.

EBITDA for full year FY '25 stood at INR320.73 crores as compared to INR267.97 crore last year. This translates into an EBITDA margin of 13.34% for the full year FY '25.

The PAT of the company has also increased to INR57.69 crores as compared to INR47.19 crore in Q4 FY '24, representing an increase of 22.25%. For the full year, PAT of the company stood at INR204.14 crores as compared to INR165.84 crore during FY '24, which is higher by 23.09%.

The company has made a capex of INR138.28 crore during the year.

During this quarter, there has been an exceptional income of INR3.75 crore, this is on account of favorable arbitration order relating to an old fire incident of 2018.

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

Thank you.

Moderator: The first question is from the line of Viraj from SiMPL.

Viraj: Congratulations on good set of numbers in such a challenging environment. First is, can you just give a breakup of -- I think we've spent somewhere around INR140 crores in capex in FY '25. So can you give some breakup in terms of how much of the capex is towards capacity expansion and also in terms of between 2-wheeler and 4-wheeler. And I think towards a new R&D Center, which commercialized. So can you just give a brief breakup of capex for '25. And what are the capex plans for FY '26 and '27? That is the first question.

Management: Hi Viraj, this is Arvind. So first, this breakup of last financial year, INR58 crores is which we incurred in the Rai Plant and balances all other facilities, including the R&D equipments we have had. So this is the breakup actually. About this next year capex plan, I would request, please...

Management: Yes, the go-forward capex for the next 3 years is approximately INR200 crores. And that is -- that doesn't include the 4-wheeler capex that might happen, which also is a significant figure. But outside of 4-wheeler, our capex plan should be around INR200 crores over 3 years.

Viraj: Okay. So second question is, see, if you see in last 1 or 2 years, we have seen a good amount of shift, a very fast shift towards LED lighting versus conventional. And as you also said in the past, it carries more than 2.5 to 3x at least in terms of realization increase versus the conventional.

And also, if you look at our communication earlier was that if we were to see a 100% LED penetration in our mix, then we would be able to cater to close to INR2,800 crores within.. kind of a revenue scale for the lighting business. So question is then considering the benefit of higher realization and operating leverage, one would think that margins should have further expanded for us, operating margins. But that is not the case. So can you just give some color where are we seeing this higher spend? Is it more towards PV, R&D? So can you just give more color?

Management: Yes. So a couple of points there. First is that for the LED, our EBITDA margins are broadly the same. They are not different as far as LED component is concerned. The other -- but there is

operating leverage that kicks in with higher revenues for sure. But also, you must appreciate that we are making a lot of investments. I think we talked about our EMC / EMI lab. We talked about electronic facilities. We are also talking about significant investments that we are making on the 4-wheeler side in terms of management, in terms of other operating expenses. So taking all of that into account, our margins are still on a positive trajectory, but we do not expect this to be materially higher over the next couple of years because we continue to make investments for growth.

Viraj: Sir, can you just give some perspective on what kind of investment and P&L we have been making, what kind of bench strength we have had at either for PV or R&D? Because the benefits of this, we will only see after 2, 3 years and so any perspective you can give what kind of investment in P&L and bench that we are adding.

Management: So what we could do is we could talk about the 4-wheeler business separately in terms of what we are doing there. But other than that, everything like, for example, we spoke about our new facility, what we are setting up with the new head-office, the Innovation Center. All of it are fairly integrated with our overall plan.

So it's not going to be possible to pick one out and say this has resulted into this, but there is significant enhancement of capabilities that is happening because of the technology-intensive nature of the industry now. On the 4-wheeler side, maybe Vineet can add in terms of what all we have done already.

Management: Hi, this is Vineet. See, on the 4-wheeler, we have added resources for design as our RFQ content is increasing. We will be talking about it later. So we need to solve a customer. So we have added resources in our Puna Design Center also. We are adding resources in our Japan Design Center and European Design Center also. So as an organization, we are strengthening our technical strength, and that is to support our customer and future projects.

Viraj: Sir, as of today, what will be team size for the PV, just indicatively...

Management: Yes, we will keep this confidential. We are growing, but I would not like to divulge numbers here.

Viraj: Okay. Just last question, on the wallet share side, across the top 4 customers, can you just give that for FY '25 and FY '24?

Management: Hi Viraj, this is Arvind. See.. when we.. means when we gave this wallet share, we are working with the customers, and there are so many SKUs as of now. So what we are giving here is about this overall total market share is around 33%. And specific about the product, it is not possible to give. So this is the data, which we can share as of now.

Viraj: No, I was talking about the top four product wise, which we used to share earlier.

Management: No, no. That's what I'm saying. This customer pie chart, you can see in the presentation, but not possible to share because there are so many SKUs and data fetching from the customers. So as of now, this is not possible to share.

- Moderator:** The next question is from the line of CA Garvit Goyal from Nvest Analytics Advisory LLP.
- Garvit Goyal:** Congrats for a good set of numbers. My first question is like our exposure to 2-wheeler EV segment and your client base, including major OEMs like TVS, have you observed any signs of order moderation or from EV customers in light of recent supply chain concerns such as China export ban if you -- can you quantify the impact in the term growth or overall sales percentage for the quarter?
- Management:** See, I'm Rajesh here. So as of now, whatever communication about rare earth minerals, whatever is being highlighted from the Chinese Government and Indian Government. The impact in EV market is not much because as of now, the overall share is up 5% only. And about LEDs and other product electronic products, there is no impact as of now because of other than China, all other countries are also into the same business. So there is not much of impact because of these rare earth chemicals.
- Garvit Goyal:** So is it like are we -- is not going to be impacted because our percentage sale is low or the entire EV industry remains existing, is what you're trying to say?
- Management:** As of now, entire EV market is struggling. It is all 5% to 6% only. So there's not much of impact is, as of now seen in the market.
- Garvit Goyal:** And secondly, on the Ola, given that the current financial strain reported by the company, and this is our customer also. So could you elaborate on the quality of your trade receivables with them or like what portion of the receivable is attributable to Ola. And are there any concerns regarding overdue payment for credit risk provisioning for these receivables?
- Management:** Neither do we have any concerns nor can we disclose such information, which is confidential with clients, and we have no concerns.
- Garvit Goyal:** Got it. And sir, lastly, on our performance in FY '25, which was obviously the best year for Fiem Industries as far as top line growth is concerned, we grew about 20%, which is a significant outperformance to our historical growth rate.
- Now looking at the current scenario, like while rural demand is expected to come bigger due to favorable monsoon as you mentioned in opening remarks as well. What do you think about the urban demand for 2-wheelers? Can we grow by 20% again for FY '26 as well, or do you find it difficult to do that considering the higher base?
- Management:** I think we've demonstrated even in a bad year, and you've seen in the last 5 years, there have been many negative cycles. Even in the worst year, we have grown well, driven by our very diversified both product mix, as well as customer mix, including our export customers. So we are not dependent on a product or a customer. So at a holistic level, we continue to guide for a 15% - 20% growth even in the worst bad markets.
- Garvit Goyal:** Perfect. And what percentage of revenue do we accept 4-wheelers to be in FY '26?

- Management:** So I continue to maintain that, it is premature to find revenue and to talk about revenue. Please have patience. We are working on systematically on our business plan. And very soon, you will have our revenue, as we discussed. So we have started getting revenue, but today, it is quite insignificant, but we will be growing and then we'll convert it into business plan and share with the investors.
- Moderator:** The next question is from the line of Karan from Keynote Capitals.
- Karan:** Sir I firstly wanted to understand if Hero is expected to scale meaningfully for you in the near to medium term, like is same being onboarded across only a select models, or is there a broader supplier shift? And if not, I want to understand what would drive the next leg of top line growth at 15% to 20% because you have pretty high wallet share across other major OEMs.
- Management:** See, we are really very late to start with the Hero. So as of now, we have 4 models wherein we have successfully launched our vehicle -- our product. That to recently as highlighted in our CMD's speech, Xtreme 250 recently launched, and it is doing good. This is, again, with the projector lamp, which is being continued in our portfolio. That is being started from Yamaha. So further on, we are, as of now having eight projects wherein front and rear lighting, both are there, and we hope, we'll have a substantial growth in our business in near future.
- Karan:** Okay. Understood. And secondly, what is the LED lighting contribution for full year FY '25?
- Management:** So this LED light for full year is 59.3%.
- Karan:** Okay. And so over the last few years, LED has grown significantly, and I'm assuming like Fiem has had a significant growth in realization also. So I wanted to understand if there is further room for improvement in realizations now because LED is at a significant contribution.
- Management:** I think on the realization, we explained the margin, I think, in the previous sort of question as well. LED will continue to grow. It's -- as we said, it's close to 60%. It will keep growing for the next couple of years. But at -- if you talk about at a margin level, we will be stable, similar kind of margins what we are guiding to. And yes, LED as realization is higher for sure as compared to normal halogen.
- Karan:** Okay. And lastly, are there any updates on the Gogoro tie up?
- Management:** No. So Gogoro, we updated last quarter as well. Gogoro is facing a lot of headwinds at the global level, and because of which their Indian sort of plans and venture is on hold. I think there is a new management there at the head office level. So they are reviewing. They are figuring out their financials. So as of now, this is on hold and we will update you as we get a more detailed update with the new management.
- Moderator:** The next question is from the line of Prashant Kothari from Stock Market.
- Prashant Kothari:** Yes. So I have a few questions. First, where do you envision the revenue mix in terms of 2-wheelers and versus 4 wheelers, India versus exports and lighting versus other segments by FY '30?

Management: So the way to answer this question is we are, as of now, 2-wheeler -- predominantly 2-wheeler company. We made some big strides in 4-wheeler. And it is our intent to grow it to a reasonable business out of the overall pie. If we don't make it a reasonable business by FY '30, then obviously, we wouldn't have entered it. So whether that number is 30%, 20%, 50%, I think that business plan is to be sort of rolled out over the next 12 to 18 months.

So it's too early to comment on that number, but it is suffice to say that it will be a reasonably important business for us as we look through for the next 5 years. And as far as exports is concerned, exports is already a material business for us. We continue to work very closely with customers. And it comes in as indirect export, so you may not see it on balance sheet. But that also, we believe, will grow to a meaningful business. It's already a large business. It will continue to track. Was there anything else that you asked?

Prashant Kothari: Lighting versus other segments?

Management: No, Lighting is our core business. So lighting will continue to be our core business. Others will always be ancillary.

Prashant Kothari: Okay. Two questions on that. First, is there any broader diversification strategy in place to reduce the 2-wheeler dependency over the coming years?

Management: I think no better than what we've already done, which is 4-wheeler. And so to that extent, our core competency will remain to be lighting. But within that, a large segment, which we have not done, which is 4-wheeler, we are pursuing it very aggressive.

Prashant Kothari: Okay. And on the export part, can you share any road map to scale this, how significant it is going to grow over the next 3 to 5 years?

Management: No. So on the export front, if you look at the way the 2-wheeler market works, and I'm talking specifically of 2-wheeler is that it is driven by the OEMs like the Hondas, like the Suzukis of the world, locally, right? And there are the Harleys of the world. So it also depends on how they plan to pursue India opportunity, which is very, very big now in terms of how they are integrating with the thing.

So we are working closely with these OEMs who will work closely with their international partner. And that's how the system works. And there is a lot of inquiries right now. Our product pipeline, if you look at where we -- what we are doing with the Yamahas of the world is very, very robust. So that 1 is something that is closely being worked out.

Prashant Kothari: So I think you have Japan and Italy subsidiaries, right? So they are also coordinating with Honda, etcetera, only for international revenue there?

Management: So that's -- they have the design team there...

Yes. In Italy and Japan, we have a design team, and they are coordinating based on the input from the corporate office. And they will be supporting directly to all the developments wherever and at customer and if it is being required. We have design engineers. So they are very closely

working with the customer, who are giving us support to give us quick responses and faster development.

Prashant Kothari: Okay. Last question. Given your strong cash generation and increasing scale, how is Fiem approaching the capital allocation beyond FY '26?

Management: So we had laid out our -- I mean, we feel very confident about future growth. So we have laid out a capex plan, which we articulated, INR200-odd crores for our regular capex over the next 3 years and plus 4-wheelers could absorb another INR200-odd crores over the next 3 to 4 years. So that's a large capex program that we are undertaking based on what market opportunities we see. So a lot of that cash will be utilized and plus we want to be ready for any other opportunities that can come by.

Moderator: The next question is from the line of Vijay Kumar Pandey from Nuvama Wealth.

Vijay Kumar Pandey: Congratulations for a great quarter. A couple of questions from my side. I wanted to check first on the. What is like the market share in terms of LED share and halogens in the 2-wheeler segment?

Management: As I already informed our LED share in our lighting is 59.3% precisely. And rest is the conventional.

Vijay Kumar Pandey: Okay. And realization will be around 10% higher or how much -- what is the difference between the realization?

Management: Realization for LED is at least 2x at least, and this go beyond.

Vijay Kumar Pandey: At least 2x and goes beyond.. Secondly, sir, just wanted to understand on your investment in the electronics segment. So what is this particularly regarding. Is that like any new product we are developing or like will it continue to supplement our lighting segment.

Management: So as you are aware, with the advent of LEDs in lighting, a lot of electronics is coming. Even lighting is becoming intelligent. We are working on certain projects with intelligent lighting also, which increases electronic content. And to support our customers, we are investing into EMC/ EMI laboratory, which will be the state-of-the-art laboratory and we'll be the first 1 in India to have it in lighting industry.

We are also investing into prototyping facility, SMT line and assembly line for quick turnaround of development projects. So there's a lot of work happening on electronics and electronics is becoming -- we are making electronic as our strength for future.

There is a lot of background noise coming from somebody. Could you try and keep yourself on mute?

Vijay Kumar Pandey: Okay. Okay. And just last question from my side. So if you can give me a bit of idea about any new products like any new -- the new motorcycles that are being launched or new scooters, in which of them we are partnering or where we have -- we are going to see the increased sales growth, that will be very helpful?

- Management:** So there are more than 100 projects, which are under pipeline right now under development. This has all been developed under new technology, which is being required based on can-base, software base, animation. And for that, we are equipped. And further on, we are investing EMI EMC lab do the faster validation and supply the products to the customer on time.
- Vijay Kumar Pandey:** Sir, I meant the new models that are coming in FY '26 over next 5 or 6 months. So any particular idea of where -- like which of the new models in which we are partnering with the OEMs and what can be the...
- Management:** Yes, yes. We cannot disclose unless or until these models will not be launched. So these are customer-confidential agreements between both the companies and those will be launched. Once which we launched, it will definitely be disclosed.
- Moderator:** The next question is from the line of Dharmesh Shah, an Individual Investor.
- Dharmesh Shah:** So we are speaking, we received the capex of almost INR140 crores and are using the PAT of INR200 crores, is this quite significant for the company's level? So what kind of revenue we can generate after investing of INR140 crores of capex?
- Management:** You are asking about the previous year capex we did?
- Dharmesh Shah:** Yes, yes. The previous year capex, what can revenue generation you consider in next year?
- Management:** See, our -- if you see our asset turnover, this is 2.5x coming. So you can estimate.
- Dharmesh Shah:** Not that. I understand that part. But after INR200 crores, we have received a PAT of almost INR200 crores. And out of that INR140 crores has been the capex we are deploying. Am I right?
- Management:** You are asking that in the last year, we incurred INR138 crores capex. So you are asking about the next year capex, if you can speak a little bit louder and can you clarify your question?
- Dharmesh Shah:** No, once again, I repeat it. We have received the PAT of INR200 crores last year and we have made a capex of INR138 crores. So what PAT -- what kind of benefit we expect after making such a big investment in the next year?
- Management:** Yes. So let's break this down. First of all, PAT and capex, keep it separate. You're saying if you made a capex of INR140 crores, what's the benefit we see. I think as we highlighted, our asset turnover is around between 2 to 2.5. So obviously, we expect incremental revenues accruing around those levels and which will translate into sort of PAT.
- But sometimes, you cannot see it linearly over 1 year that you put INR140 crores, what is the next year turnover increase and what is the PAT. These are all forward-looking stuff where we think through over the 3- to 5-year plan, and they give you results. So -- but on an overall basis, our asset turnover is around 2.5, which is what it will result in over a longer-term period.
- Moderator:** The next question is from the line of Khush Nahar from Electrum PMS.

Khush Nahar: So two questions. First, if you can elaborate more on the 4-wheeler side in terms of revenue business, the businesses that we won and the RFQs that are there? And second, on the new technology side. So I think the last annual report mentioned the products like microlens, arrays and wind lighting. So some sense on the new technological products from where we're getting RFQs and which we are developing.

Management: Yes. See, we have now started, as you know, it was shared in CMD speech. We have now started production of 1 LED lamp, license plate lamp, which is approved for all models, that is step 1. Step 2 also, we have shared highest-selling model of Mahindra Bolero. We have got 3 products for development. And in this, the content has increased. The High Mount Stop Lamp content is much higher. It is around 7x higher than the first product. So that will increase the content. And we are now working on RFQ of around INR700 crores. So we are getting very positive response from various customers. And these RFQs, some will be converted, of course, into revenue.

And therefore, we are planning the capex as we shared, around INR200 crores in the next 3 to 4 years because we might have to set up a plant for our customers, once the RFQ matures. On the technology front, we had shared that we were working on touch sense capacitive technology. And due to our work, we -- this work got converted into RFQ. We already received RFQ of this technology from our customer.

And now this product is under technical study. For other two technologies, NDA has been signed between customer and us and customer is initiating proof-of-concept, POC, along with us. So if this goes forward, we will be the first company to develop these technologies for our country, India. So it is moving on. And as you know, technology presentation is a step-by-step process. So we are quite keenly attached with our customers in development of these technologies.

Moderator: The next question is from the line of Viraj from SiMPL.

Viraj: Yes. Just a clarification, you said we've got RFQ pipeline of roughly around INR700 crores. That's for the PV business alone, right, sir?

Management: Yes, that is correct.

Viraj: And somewhere earlier, you talked about capital allocation, where other than the capex of INR200 crores for 2-wheeler and maybe the capex of another INR200 crores for the PV. So if you even kind of adjust this kind of INR400 crores over a 3- to 4-year period, our cash position would still be somewhat better than what we have right now. So the surplus cash, is there any thought process or deployment of this? Would we be looking for an inorganic play in lighting, any thoughts on this?

Management: Yes. So as an organization, we have to be ready for any opportunity that emerges in the market. It is always prudent to have some cash available to capitalize on those opportunities. And, therefore, we are ready if the opportunity is good for us, even if it means inorganic, we will go ahead for that. And therefore, we are ready for such opportunities.

Viraj: But when you say inorganic, would that largely be restricted to lighting as a segment, or would it even open to other product categories?

- Management:** We are open for any good opportunity for the organization. It could be lighting. It would be electronics also.
- Viraj:** Okay. And just last question, sir. We are making a good amount of investment either be it in terms of P&L or capex in the electronics. Can you just give some more, probably, examples of how does this kind of add to our overall competitiveness, either in terms of backward integration or in terms of capability.
- Management:** So see, all these investments we are doing is basically to strengthen our technology to strengthen our organization and our collaboration with the customer. Because the kind of products that are coming in the future, it is important that our organization is future ready. And therefore, these investments are making these organizations future ready to engage very deeply with customers for new technology orders.
- Moderator:** The next question is from the line of Jatin Chawla from RTL Investments.
- Jatin Chawla:** Congratulations on a very good set of results. I just wanted to check first on a remark that you made earlier that you would expect a 15% kind of growth even if 2-wheeler industry volumes are flat. So is that the kind of outperformance over the market that you're expecting? And if yes, then what are the key drivers of the same?
- Management:** No, we didn't say that we will grow at 15% at flat volumes. What we said was that we expect to grow at 15% to 20% over the next 3 to 5 years on a consistent basis. And we actually believe that 2-wheeler is on a very good growth path as well. So that's a general guidance on our revenue that we are making at 15% to 20%.
- Jatin Chawla:** Got it, got it. The LED share number that you gave is more on a revenue basis than it's roughly at 59% this year. On a volume basis, broadly, would it be fair to say it's somewhere around 35%, 40%, if I work with like 2, 2.5x realization?
- Management:** Tough to estimate, tough to estimate. It will be a guess work. But at the industry level, the general understanding is that it is around yet 30%, 35% penetration.
- Jatin Chawla:** Got it, got it. And this big pickup in LED penetration that we have seen this year from like 52% to 59%. And that's been the main driver for the outperformance over the 2-wheeler industry that we have seen this year for Fiem. How is the pipeline for future products looking? Is that also like heavily tilted towards LED and hence, we should expect this sort of traction on the LED penetration to continue?
- Management:** I think it's 100% pipeline is LED. The new project pipeline is 100% LED.
- Jatin Chawla:** Okay. Great. Last question from my side. We've seen Yamaha with a very strong growth this year, almost 25% growth after 2 years where their revenues were kind of flattish. So should we -- are we expecting this sort of traction to continue given the kind of model pipeline visibility that we have with them?

- Management:** We are very bullish to have a similar kind of market from Yamaha, that is for domestic as well as export market board.
- Moderator:** The next question is from the line of Saurabh from Multi-Act.
- Saurabh:** Congrats for the results. The first question was on HMSI, like sequentially, we have grown almost 20% versus if you look at the production growth, it was 4%, 5%. So is this outperformance led by new model wins? Or is it that we have gained some wallet share from our competitors? Or has the mix of LED increased within HMSI?
- Management:** I think this is -- our wallet share remains broadly the same. So these are general specific model-related movements over the quarter. But at an overall level, we are at the same share.
- Saurabh:** So are we present even in the new models, the 2025 models that HMSI has been launching? Are we present with the similar wallet share?
- Management:** Yes. As already highlighted in CMD sir speech about Activa EV. This is being launched with the overall project of 71% share of business in that of lighting is with us. And further on, all the models, whatever is in underdevelopment are also with us with the same pace.
- Saurabh:** So even in the normal Activa that is the OBD2 complaint Activa that was launched, so we would be present even in that Activa as well, right?
- Management:** Yes. We are into both the standard and deluxe model.
- Saurabh:** Okay. And a couple of quarters back, we had 1 order for Jupiter 110, and now Jupiter 125 is being launched. So have we won even for those models?
- Management:** Yes, we are the single source for deluxe model. And wherein domestic model, there are competitor, but of course, Deluxe's model is 100% being served by us only.
- Moderator:** The next question is from the line of Khush Nahar from Electrum PMS.
- Khush Nahar:** Sir, just one question, I think, one of the large E 2-wheeler, the customer was spending in terms of customers. So any update on that? Have you onboarded them as a customer?
- Management:** We have, as of now, more than 40 EV customers on board. And we are very closely working all the model -- all the customers, whom so ever in the top 10 EV companies.
- Moderator:** The next question is from the line of Vijay Kumar Pandey from Nuvama Wealth.
- Vijay Kumar Pandey:** Just wanted to check on the RFQ of INR700 crores. So what is our expectation? And how much time period will this be executed? And what is like the start of the sales operation for these RFQs?
- Management:** So different products have different time lines, but a bigger chunk of RFQ, the SOP is 2028 where we are working with high-value RFQ. And there are other RFQs where SOP is coming.

Some of them are coming in this year and some are coming in next year. So it is staggered depending on the RFQ and the customer.

Vijay Kumar Pandey: Okay. Sir, any idea you put like how much will be in FY '26 sort of FY '27, just in terms of revenue opportunity?

Management: So we are bullish about it. But as I have shared always, I think it is still early to talk about revenue. We are taking a step-by-step process. And rest assured when the revenue becomes significant, we'll come back to you with our business planning. But as you know, we are entering and there is a lead time to development. So -- but we are moving in the right direction, and we are bullish about our approach to 4-wheeler.

Vijay Kumar Pandey: And sir, generally, the lead time is around 6 months or a year.

Management: 2 to 3 years is normal development lead time in 4-wheeler because a lot of components get developed, validation happens, that's normal.

Moderator: The next question is from the line of Viraj from SiMPL.

Viraj: Just one small data point. In case of a 2-wheeler, if you compare to Activa ICE model, something similar in case of, say, TVS and ICE model and compared with an EV model, what will be the content change into for lighting, if it's an all LED?

Management: Lighting for ICE and LED or EV is similar. There is no change. It is totally dependent on what functions -- what our functions are being added into the light.

Viraj: So if I were to compare and say an Activa versus Activa EV, where we are currently, what will be the content for lighting in ICE and similarly in EV model?

Management: See, in Activa EV model, we have a 71% of share of business in lighting.

He's asking for...

Viraj: I'm asking...actually content for vehicle.

Management: Yes. I'll -- see, EV will always have LED lighting. ICE can have LED also and halogen also, right...

Viraj: No, I am asking...

Management: So if your question is what is the difference between halogen and LED, we can answer it.

Viraj: No, I was just trying to understand, sir, in LED, an ICE Activa variant, what will be the content for us currently? And say, if I have to stay in Activa EV model. What is the content, this actual value?

Management: Rajesh is just telling you that.

First of all, Aactiva has 2 models. One is of standard model, which is having conventional lamp, and deluxe is having LED headlamp. And difference of that is 1 is to 2 -- 1 is to 3. It is totally dependent on the functions. And then there is EV. So EV is, of course, as Vineet has already mentioned, it is the same, where in EV 99.9% is 100% in LED lamps.

Management: And the pricing...

And price same as the ICE model -- ICE LED model.

Viraj: So what will be the price of the per unit -- likely per unit. First, realization per vehicle, say, in an Aactiva LED model for us.

Management: So I think we can give you a range. It won't be fair to give the price.

Viraj: Yes, as you say range is also...

Management: Minimum, it would range anything from 2x to 4x. And it can go up further from -- at the premium level, but minimum 2x for LED.

Moderator: The next question is from the line of Rohan Advant from Prad Capital.

Rohan Advant: Congratulations for a good quarter and a good FY '25. Sir, again, on HMSI, we -- I just wanted to clarify on Honda Aactiva. If you could help us understand that in the ICE Aactiva, the non-EV Aactiva, 110 and 125, are we present in both headlamp and tail lamp? And are we present in both halogen and LED models?

Management: Yes. We are presenting both conventional and LED model and having our share of business similar, whatever we were having our wallet share earlier. There are two additional other suppliers also in this model.

Rohan Advant: Okay. Okay. But we have not lost our share or reduced our share at all?

Management: No. We have a same wallet share as we were delivering in the past.

Rohan Advant: Okay, okay. So sir, against the Q4 base of HMSI, whatever is the growth in HMSI, CM's growth will match that or better that in the coming quarters? Would that be a fair understanding?

Management: Yes. We are thinking the same, and we are bullish about the overall numbers.

Moderator: The next question is from the line of Pranay Mittal from Nvest Analytics Advisory LLP.

Pranay Mittal: Yes. See, I just wanted to have a follow-up on the previous person question. See, I think he wanted to know what is the percentage of the value of product delivered by you, either as an LED or ICE vehicle say for Honda, right, Aactiva model, say the cost is 40% -- sorry, INR40,000. What would be the percentage of LED components that you supply? I think that's what he wanted to know.

Management: We already answered to him. If you have any specific explanation, please ask.

- Pranay Mittal:** No, no. I -- okay. Maybe you can read this as my question. Assume that the cost of Honda Activa you say, 40,000 INR, right? What would be the percentage component of Fiem-delivered products in that Honda on that LED side?
- Management:** In EV, the number of sets complete lighting is around INR4,000.
- Pranay Mittal:** Okay, okay.
- Management:** So that will be around -- if we talk about INR40,000, it is at 10%.
- Pranay Mittal:** Okay, okay. Got it, got it. Okay. That's it from my side. And sir, 1 other question. See, we -- I remember that we sometimes -- 3, 4 quarters back, we were bullish on entering into the EV side of business into hub motors and stuff, I don't know, I didn't track this information beyond that time. So are we still going ahead with that project or we have shelf to that project?
- Management:** I think we just addressed that point that was being done along with our tie up with Gogoro. And we just mentioned that Gogoro globally is facing some headwinds. So that project is, at this point of time, on hold.
- Moderator:** The next question is from the line of Dhaval Shah from Fort Capital.
- Dhaval Shah:** Sir, a few clarification. Sir, in the cash flow statement for yearly FY '25. We see that add of insurance payment received is INR26 crores. While in the loss, we have said that we have received INR30 crores and INR20 crores. So can you just bridge the gap how it is different?
- Management:** No, no. I think this is.... our adhoc, what we received during the year is INR20 crores at 1 and then INR30 crores. So total is INR50 crores.
- Dhaval Shah:** Yes. But FY '25, it is showing INR26 crores only in the cash flow statement.
- Management:** Sorry, can you please recheck, this is INR50 crores, and you can come -- if some bookkeeping clarifications, you can come back to us.
- Dhaval Shah:** Sure. And sir, another question that our other expenses have increased by around INR13 crores, INR14 crores. So is it a normal run rate we should assume going forward, or there are kind of one-off or that kind of expenditure in this quarter?
- Management:** So these are development expenditures that the company is doing for future. So that is the category, yes. So we spoke about it. We are investing in technology and development. So these are the expense related to that.
- Dhaval Shah:** So this should be a normalized run rate going forward?
- Management:** So see, it is the company's call. We have to prepare for future. So sometimes, it will come sometime depending on the need. So like now we have invested in electronics, maybe next year, they are less. But if there is a big change in technology, we may have to invest again. So that is the decision that management takes from time to time.

- Moderator:** The next question is from the line of Anubhav Mukherjee from Prescient Capital.
- Anubhav Mukherjee:** I just had 1 question. Sir, a few quarters back, we had done some prototype development for European car OEMs, I think, Mercedes or Volkswagen. So is there any follow-up on an update on that?
- Management:** Yes, that's a good question. Yes, the development was successful. Our samples -- final samples have gone to the customer. They have now been fitted in De Tomaso car. The car has been showcased very recently. It was in the news, and we were very happy to see our headlamps in that car. So the project has gone very successfully so far. And once the customer approves everything, then we will supply them the lamps that they require.
- Anubhav Mukherjee:** Okay. And were we the only one in the like prototype development, or were other vendors also in consideration?
- Management:** Sorry, say again, what is the...
- Anubhav Mukherjee:** Sorry. For the prototype development, were we the only like vendor considered or like -- it's like...
- Management:** No, no. This -- the product that I'm talking of De Tomaso is not prototype. It is a full-fledged headlamp with tooling with proper assembly line. What we are developing for Mercedes is also tooled-up samples, but for their prototype car, which is low volume. So this is basically a stage for future developments because we are associated with a company like Mercedes.
- So we are developing products for them for their development cars, which are currently low volume, but it gives us access to their management and their development team. And, therefore, it results into more RFQs in future.
- Anubhav Mukherjee:** Get that. So the -- like what we did for Volkswagen, that has like potential for ramp-up?
- Management:** No, not for Volkswagen, I need to correct you. We have done for De Tomaso, which is a sports car, and we have done for Mercedes, not for Volkswagen.
- Anubhav Mukherjee:** Okay. So for this like other product like OEM, is there a ramp-up potential now?
- Management:** So the product that we are -- it's a small product, the starting of production. But as I shared, this is now approved in all models. So first month, like now we have schedule starting from 20,000 a month, which will go up to 60,000 a month. So this will go up gradually in step-by-step manner.
- Moderator:** As there are no further questions, I would now like to hand the conference over to Mr. Sahil Sanghvi: for closing comments.
- Sahil Sanghvi:** Yes. I just wanted to thank the management, the whole team for patiently and very elaborately answering all the questions, and congratulations again for a very excellent performance. Once again, thanks, to all the participants joining the call. Jain sir, would you have any closing comments?

J. K. Jain: Yes. 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 question, please don't hesitate to contact us. Thank you, and have a good evening.

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

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