



Fiem Industries Limited
Q3 FY '26 Earnings Conference Call
February 12, 2026



COMPANY MANAGEMENT

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

HOSTED BY

MR. SAHIL SANGHVI – MONARCH NETWORK CAPITAL

Moderator: Ladies and gentlemen, good day, and welcome to Fiem Industries Limited Q3 FY '26 Earnings Call. 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 this conference call, please signal an operator by pressing star then zero on your touchstone 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, Rudra. Good evening, everyone, and welcome to the Fiem Industries Limited Q3 FY '26 Earnings Conference Call. The disclaimer, the conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on date of the call. The statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

I now hand over the call -- conference call -- sorry, I now hand over the call to Mr. J.K. Jain for the opening remarks. Jain sir, over to you.

J.K. Jain: Thank you. Good afternoon, and welcome to the Q3 FY '26 Earnings Call of Fiem Industries Limited. Joining me 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 presentations and results are now available on our website and the stock exchange. I trust you must have reviewed the same. Let me begin with an overview of the broader economic environment. The Indian economy continues to demonstrate resilient and steady momentum in spite of the geopolitical challenges.

As highlighted in the recent economic survey, India real GDP growth for FY '26 is estimated at around 7.4%, and the growth is expected to remain strong going into FY '27. This reflects broad-based domestic demand, healthy investment and stable consumption trend.

Inflation has remained under control, which has supported purchasing power and consumer confidence. The recent union budget has reinforced fiscal discipline, while maintaining a strong focus on infrastructure and manufacturing.

In addition, GST rationalization has improved affordability in the 2-wheeler segment. This has supported retail traction and overall industry sentiment. Overall, the macro and policy environment remains constructive for the automotive ecosystem.

Coming to the 2-wheeler industry, the quarter witnessed broad-based recovery. Total 2-wheeler production grew by 15% year-on-year to 6.8 million units in the quarter. For the first 9 months, industry production is already at 19.6 million units. This puts the sector in a strong position going into the final quarter and expected to cross the previous peak of roughly 24.5 million units recorded in FY '19.

Leading OEMs like TVS, Honda have reported healthy volume performance during the quarter, supported by the festival demand and improving rural sentiment. Overall, Q3 has been a balanced and healthy quarter for the industry.

Against this improving industry backdrop, Fiem has once again delivered a very strong performance. Further, as part of the long-term commitment to sustainable manufacturing, we are rolling out renewable energy projects across all our plants. This green initiative will help reduce energy costs, improve operational efficiency and is strengthening our commitment to becoming carbon-neutral company.

As vehicle platforms become more advanced, the styling differentiation is gaining importance. Lighting and electronics are emerging as the key element in defining brand identity. In this environment, our focus remains clear by strengthening technology, maintaining high-quality standards, driving cost efficiency and ensuring timely delivery.

In line, with our state-of-the-art EMC and EMI laboratory in Gurgaon has started trials and product validation. This enhances our electronic capabilities and significantly strengthening our in-house testing and validation infrastructure.

Our commitment to the passenger car business continued to gain momentum. We are now supplying products such as number plate lamps, rear reflector and fog lamp across various models to Mahindra & Mahindra. In addition, high mount stop lamp of Bolero and Scorpio are currently under development.

We continue to invest in innovation across advanced lighting and electronic technology, including laser system, touch interference -- interface, adaptive drive beam and metric lighting solutions, etc. This focus on innovation will enable us to participate in higher-value lighting solutions in future.

As we move into the final quarter of the financial year, the overall industry's outlook remains positive. With supportive macro conditions, stable policy directions and a healthy order pipeline, we remain confident about the future 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:

Thank you, sir. Good afternoon to everyone. I am presenting quarter 3 numbers for FY '26 in comparison to the corresponding quarter of previous financial year. The company has registered sales of INR685.81 crores in Q3 FY '26 against INR590.1 crores in corresponding quarter of previous financial year, which is an increase of 16.22%.

I am delighted to announce that for the first time, the EBITDA margin of company has crossed 14%, reflecting overall operational efficiency. The EBITDA for this quarter is INR97.7 crores, which works out to 14.25% as compared to an EBITDA of INR77.88 crores, that is 13.2% in the corresponding quarter of previous year. PAT for quarter 3 is INR63.45 crores as compared to INR47.41 crores in corresponding quarter of previous financial year, which is higher by 33.83%.

Now, I would like to present the 9 months numbers for FY '26. The company has registered sales of INR2,046.3 crores in the 9 months of current financial year as against INR1,771.15 crores in the corresponding period of previous year, which is an increase of 15.54%.

The EBITDA in 9 months of current financial year stands at INR284.16 crores, translating into an EBITDA margin of 13.89%, as compared to an EBITDA of INR236.92 crores, that is 13.38% in the corresponding period of previous year.

PAT for 9 months of current financial year is INR183.29 crores as against INR146.44 crores in the corresponding period of previous financial year, which is higher by 25.16%. During the quarter 3, the company has made a capex of INR41.02 crores, and total capex in the 9 months of current financial year is INR78.83 crores.

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

Moderator: Thank you very much. We will now begin the question and answer session. Our first question comes from the line of CA Garvit Goyal from Serene Alpha Analytics LLP.

Garvit Goyal: Congrats for a good set of numbers. My first question is on the insurance and fire incident part. Over the last 2 years, the company has disclosed fire incidents at more than one manufacturing unit. So can management help us understand the root cause identified in each case and whether there are any common operational or the safety gap?

And what are the permanent corrective measures have been implemented to ensure that such incidents do not reoccur? Additionally, have these incidents led to any changes in the insurance terms of Fiem or any internal safety audit across the plant, sir?

Management: So, regarding this -- let me break this question into 3 parts. First part is about the insurance. As we already disclosed, our insurance is under process. And for the Unit 7, that is the Rai unit, we already received around INR50 crores, and rest of the assessment is under process, which should be completed, whatever, in the due course of time.

Now, all the policies, what we are taking in the insurance is on reinstatement basis. So, as you understand, in case of this kind of policy, the assessment takes time. Now, coming to the Unit 8, that we already informed to the exchange as well, and we already filed, on January 30, INR82.30 crores insurance claim on reinstatement basis. So it will take time.

Now, about the safety aspect and all these things, the reasons are already there in the -- with the surveyor, so there is nothing big issue about that. But yes, whatever the safety measures we are taking or we are doing, I think Mr. Rajesh Sharma, he can explain a little bit.

Management: Yes. There is a plant, Rai, as well as Tapukara. These are all being audited on a periodic basis. This is being hired a third party. And at the same time, safety team from Fiem is also auditing and regularly monitoring the situations. So Rai plant, whatever fire incident has happened, happened because of short circuit.

And it is being claimed. It is being already highlighted and being presented. And similarly, all the plants, we have a full commitment and safety measures, which have been necessary to run the production line and to save the human, which is being -- in all the cases, is being taken care.

Management:

Just to add, in both the cases, there is no injury to anybody. So our -- whatever the safety measures existing in the company in every factory, it is appreciated by all, but this is an unfortunate event. So sometimes, things are beyond control, and these kinds of things happen. To add this thing, there is no loss of business in any of the event, you can see the numbers.

So rest of the things for future, management is taking a very serious view about the safety aspect, and this is being undertaken with the help of external risk assessment agencies. And this will be, you -- maybe quarter-on-quarter, we can update you.

Garvit Goyal:

Understood, sir. And secondly, on the 4-wheeler segment, while management has been discussing this opportunity for some time, the revenue mix has not seen a meaningful shift yet. At the same time, competitors in this category are scaling up rapidly, and several new players are entering into this segment.

So in that context, could you help us understand when you expect the 4-wheeler business to start contributing meaningfully to the revenues? And what timeline we should realistically factor in for that? Additionally, from an execution standpoint, will 4-wheeler orders be catered from the existing manufacturing facilities only or through the dedicated plants for this segment?

Management:

Yes. I'm Vineet Sahni this side. Yes, we are -- I'm answering your second question first. We are catering the 4-wheeler orders from our existing facilities only at this moment, and this we had shared in our previous calls also.

Regarding the revenue, we had shared to you that we are in the process of building our credibility first, entering into small lamps. And in the next investor meet, which would be in May next year, when we close this financial year, we'll be sharing you a business plan and the revenue impact that the 4-wheeler is going to make in future.

Moderator:

Our next question comes from the line of Anubhav from Prescient Capital.

Anubhav:

Congrats on a good set of numbers. My first question is that gross margin this quarter showed a substantial improvement, both year-on-year and even on quarter-on-quarter, sequentially. So what drove this improvement? And is this sustainable?

Management:

Yes. Thanks for that question. So yes, you're right. The margins are -- as we mentioned, are at an all-time high for us at 14.25% at the EBITDA level. It's driven by a number of factors. There is operating leverage kicking in. There is improved efficiency. There have been some efficiency drives that have been done at the factories, which are resulting in some positive impact.

And of course, there is a product mix, but also -- we also got some escalations during the quarter. So, that has also come in to boost the margin. From a going forward perspective, we feel confident that the efficiency parameters that we have done will keep helping the margin. So we

believe that we should ideally be at 14% plus EBITDA margin in future as well. That's the kind of target we are setting for ourselves.

Anubhav: I get that. And like if you look at the sales -- primary sales data for all your key 2-wheeler OEMs, whether it is TVS, HMSI, Suzuki, Royal Enfield, all of them have grown 20% plus, but our top line growth has been slightly lower at 16%. So can you like throw some light on that?

Management: So there has been growth across the industry, but it's not 20%. We look at the production figures rather than sales. So if you look at production figures, TVS has grown 17%. We have outperformed that growth. Honda has grown 18%. We are broadly in line there. So I think also what happens is, quarter-over-quarter, there's a product mix in terms of which model is there and are we there in that model and so on. So from an overall market share perspective, we continue to be right up there with our customers.

Anubhav: I get that. And sir, please don't mind asking my question, but I think it will be on the mind of all the analysts because our competitor -- listed competitor, Lumax Industries, they have also declared their results. And their revenue from HMSI, both this quarter and for the 9 months, has grown like at 50% plus, very, very strong growth, whereas our growth has been much lower compared to that. So again, can you throw some light on what's driving this, like, market share loss, if I may call that, in this financial year?

Management: Yes. This is in line with the same answer has been given. This is totally dependent on the model mix, which are as of now. And there are a few models which are exclusively with the competitor. Those are giving the right volume on the volume, which is giving this kind of -- yes.

Management: And also, there is -- they have a large 4-wheeler business, which we don't have. So I think like-to-like, from a Honda perspective and overall numbers, if you look at, that -- sometimes, that picture also doesn't come out. But what we do like to reinforce is that our market share with Honda remains the same.

Anubhav: So sir, they specifically clearly reported HMSI and not Honda. So I don't think that can be the reason, but I get the point on models. So yes. And sir, any update on any new RFQ from any other passenger vehicle OEM other than M&M? And also, like, last quarter, we had reported that we were working on an RFQ from Force Motors. So has that converted into some concrete orders?

Management: Yes. So Vineet this side. Yes, Force Motors has converted. We're -- this is under development. We will be reporting that in the next meet. And also, Mahindra, we are working on certain RFQs, which are at final stages. At least 2 major RFQs are at final stages. Hopefully, we'll be sharing that development in our next meet.

Moderator: Our next question comes from the line of Shubham Sehgal from SiMPL.

Shubham Sehgal: So my first question was, have we started supplies to Yamaha for the Tracer 7 model? If I'm not wrong, the model has been commercialized in Europe and U.K. And despite this model win and also the other new model wins we have for the India geography, why have we seen a decline in sales to Yamaha this quarter?

- Management:** This Tracer 700 is already in production right now, and we have started supplying to Europe. In last 4 months, it is in continuous supply. The decline in Yamaha is only because of there are a few models, which are being exported, are always based on the period base. Like, it is sometimes the volume which is being inclined, or sometimes, volumes is being always be in increased condition. So this is -- quarter-to-quarter, you can see some Yamaha because export model has always been up and down, and quantity has been fixed for certain models.
- Shubham Sehgal:** Okay. Got it.
- Management:** And domestic market, all -- yes...
- Shubham Sehgal:** No, go ahead.
- Management:** Yes. All domestic models, whatever as of now running is being accelerated right now, and it has been giving good business in domestic market.
- Shubham Sehgal:** Okay. Got it. And just an update on like 2 other models, I think. So one on TVS, we had mentioned, for TVS Norton, we had developed a new technology-based lighting system. Like, any update on that? And also, for the passenger vehicle RFQ, we had also mentioned that we were in final stages for an RFQ with Mercedes. So any update on these 2?
- Management:** Yes. So Norton, as of now, it is being launched, and mass production will start in a couple of months. We are ready, and it is -- vehicle homologation is as of now on. And might be in next 3 months' time, we'll be in a position to start our supplies from here to Norton U.K. and to TVSM India, too. And can you repeat your question on Mercedes, please?
- Shubham Sehgal:** Yes. So we had mentioned in the last call that we were in the final stages of an RFQ for Force Motors and Mercedes. So any update on Mercedes?
- Management:** Yes. There is an update. Mercedes top-level team visited us in the month of January, members -- senior members from Germany and India, the top people. And our -- I'm happy to inform that our plant and other things stand approved as a potential supplier to Mercedes globally for small lamps.
- Of course, we will now wait for RFQs to come in. But probably, we are the only lighting suppliers at this moment to reach this place with Mercedes. This was their fifth visit to our plant. So it's moving in the right direction. It takes time, but it is moving in a proper manner.
- Shubham Sehgal:** Okay. But like, when can we expect to get commercialized, like, in a year or 2? Like, any rough timeline you could give?
- Management:** Normally, it is very difficult to put a time to it, but we are expecting certain RFQs to come in this -- in the next financial year. And then, it is -- their process development time is around 18 months to 2 years with Mercedes. But important point is to find a foothold in Mercedes because there, the potential is huge. So, that is what we are targeting.
- Moderator:** Our next question comes from the line of Viraj, an Individual Investor.

Viraj: This is Viraj from SiMPL. Just a couple of questions. One is on the gross margin. I just wanted to get your perspective. See, if I look at the margins -- contribution margins in this quarter, we've earned somewhere around 40.3%, which is the highest ever since March '23 quarter. So just trying to understand what drove such high gross margin for us. And was there any element of one-off in this?

Management: Yes. We just mentioned that it's a combination of efficiency, operating leverage, product mix and also some escalations, which have come through for the quarter. So it's a combination of all the...

Viraj: Can you quantify the escalation?

Management: As I said, A, this is a combination. And B, going forward, we are still guiding for a 14%-plus EBITDA.

Viraj: Okay. So why I ask this is, see, we have been making investments rightly so in our -- in terms of investments in P&L towards the 4-wheeler lighting business, right? And if I were to adjust for that, then the implied margins would be upwards of 16%, 17% for us. While we're making the investments in P&L, the revenue maturity is still yet to play out.

So if I look at the existing business ex of that, the 2-wheeler business, that would already be above -- close to 16% or above. So I'm just trying to understand considering that the commentary is quite positive on growth, how should one understand the sustainability of margins for the -- in terms of improvement?

Management: So first, I wouldn't sort of agree that you can delink the business like that because a lot of 4-wheeler projects are also working with our current capex and current capacities. Having said that, I think the important thing what we are seeing is that there's a lot of efficiencies that are kicking in. There's a lot of -- with the new volumes that we have overall, there's a lot of operating leverage coming in.

So going forward, in spite of all the investments that are already envisaged -- so next 2 years, for example, we envisage a INR200 crores capex, which is a combination of our existing projects, as well as whatever we need on the 4-wheeler side. Even with that, we believe that we should be at these margins, or at least 14% plus is what we are targeting.

Viraj: Okay. Just a follow-up to this. If you look at some of the other players in the space, right, they earn somewhere close to 17%, 18% or slightly above margins in the lighting business. The mix can differ between 4-wheeler, 2-wheeler. But if you were to see this kind of a growth rate, say, low-teens or double-digit growth rate sustaining for us, then do you think that margins for us -- there is scope for further improvement in margin structure in the business?

Management: I think it's a highly competitive market, and I don't see 17%, 18% margin coming through at all here. I think 14% plus is a very good aspiration to have, which we are focusing. At least for the next 24 months, I think that's what we want to get to.

- Viraj:** Got it. One more -- 2 more questions, sir. One is on -- see, if I look at the 2-wheeler business, we have HMSI, TVS accounting for almost 65% of the overall business. In terms of diversification, how are you thinking about it? See, I understand there may be quarters where one customer may degrow or not grow to the expectation we would like it to be. But in terms of -- one has to look into the white spaces and maturity of those white spaces. How are we thinking about it?
- Management:** Great question. So I think from an OEM perspective, if you see what we are -- the OEM who we are not serving is only Bajaj in this metric. Other than that, we serve everyone. And our share even with Hero is growing. On the other opportunities, what we -- what you mentioned is something that was highlighted in the Chairman's speech as well that there is an increased focus now on the electronics in the company.
- So, as we move ahead with all the OEMs that we have, there is an increased contribution coming from electronic component, which should help us drive growth much faster going forward. So, that has been our thrust, which is where all the investment is also going. The EMI/EMC labs and other areas which we are investing are heavily into electronics and technology.
- Viraj:** So when you say electronics, is that a part of the lighting system? Or this is a separate business vertical which we are catering to, which we were not earlier?
- Management:** So this will be the part of lighting system only.
- Viraj:** Okay. And any color you can give how large is Hero for us now?
- Management:** Hero, there's -- see, we are working already on 10-odd products of Hero that is for front and rear lighting, both, wherein a few projects are already in mass production. Destini is already in mass production. Xtreme is also in mass production. X440 is in production. Further on, there are a few models which will soon be launched, and we'll announce those business also very soon.
- Moderator:** Our next question comes from the line of Siyaa Deshmukh from Pune E-Stock Broking.
- Siyaa Deshmukh:** Okay. Just from an industry understanding perspective, does the automotive lighting component industry typically face challenges around dead or slow-moving inventory? And if yes, how does our company manage such risk operationally?
- Management:** Can you please repeat your question? This is not clear.
- Siyaa Deshmukh:** The automotive lighting industry typically faces challenges around dead or slow-moving inventory?
- Management:** No. Where from you got this information? This is wrong information.
- Moderator:** Our next question comes from the line of Pavan from RatnaTraya Capital.
- Pavan:** Sir, can you please outline other projects from what you are doing for Mahindra and also Mercedes? I understand we had an RFQ, which we are working for Force Motors also. So can

you just outline for us when can there be products which would be in commercial production for these -- for 4-wheelers, especially at a scale?

Management: So at this stage, we will not be able to divulge the actual products that we are working on. We are also working on certain new technologies with these customers. So, as and when they mature up and we are ready to declare, we will do that in these meets. But currently, we are not able to do this because we are under NDA with our customers. And next quarter, we will be sharing a bit more about the production plans in the future.

Moderator: Our next question comes from the line of Shrikant, an Individual Investor.

Shrikant: Congratulations for a good set of numbers. So, as per the last call, we had discussed we were in some proof of concept in ambient interior lighting. So any update on that?

Management: Yes. We have got some official go-aheads from the customer on developing proof of concept for the technology that you mentioned and a couple of other technologies. We are in the process of doing that. And as we speak, I get a mail of RFQ also from our customer on ambient lighting, just sharing with you online. So it is moving in the right direction.

Shrikant: Okay. Going forward, can we see this contributing good to our top line, like, as a product?

Management: See, we do see this contributing as a product, but still, it has a long way to go because you need to establish hardware, software, lighting solutions, and we are working actively with our customer. So the proof of concept will be made, then they will prove it in the car, get the management approval. But it has a good potential of growth in the coming future because most of the cars are going for ambient lighting.

Shrikant: Okay. And secondly, like, do we -- like, are there any kind of plans to add any other products, like, we have bank angle lean sensor or canister? So any kind of that product which we are looking to add to our portfolio?

Management: Yes, bank angle sensor, we are already supplying as of now for all models of Honda. And yes, this is -- these are all under technical assistance, and it is being supplying to Honda only. And canister, of course, is no more right now. It is almost out. And there are a few customers only. They are getting this -- Yamaha or some TVS only.

Shrikant: Okay. So any kind of -- like, do we plan to venture out in a joint venture to produce any kind of product in future?

Management: We both are under technical assistance from Japan. One is of TOYODENSO. Another is of Aisan. So these are -- both are running under technical assistance agreement only with the Japanese company.

Moderator: Our next question comes from the line of CA Vansh from Serene Alpha Analytics LLP.

Vansh: So I have a question. So from a medium-term perspective, how does management assess the industry outlook over 12 to 24 months? And also, I want to know the supply side or demand side factors, which you believe could pose some risk or opportunities for us in the future?

- Management:** Over the next 12 to 24 months, we continue to guide with our initial guidance, just 15% to 20% growth. We have kind of always outperformed the industry. So we will strive to do the same. Industry anyway is doing very well. As we have commented, first 9 months have been very good.
- Even going forward, we believe the outlook is pretty positive. From a -- so from a demand side, we don't see any challenges. From a supply side, also, there are a little bit of supply shocks were there, say, 12, 18 months on some -- few components, that have been taken care of. So there's no specific challenges that we see right now.
- Moderator:** Our next question comes from the line of Kush Nahar from Electrum Portfolio Management Services.
- Kush Nahar:** Just one question on the 4-wheeler side. Are we open for any acquisitions? Or are we looking at that so that our time to market becomes a bit faster instead of putting up a greenfield facility from the start?
- Management:** Yes. To answer your question, yes, we are open for acquisition and high-growth route. However, we are also conservative in acquiring any organization because it has to be a right fit with our philosophy. So we will see in future how it develops.
- Kush Nahar:** Anything we're looking at currently at advanced stages for the 4-wheeler or 2-wheeler?
- Management:** No.
- Moderator:** Our next question comes from the line of Anubhav from Prescient Capital.
- Anubhav:** Apart from Mercedes, is there any international OEM that we are working with to get the volume?
- Management:** We have a very initial working, which has started for another OEM, which we will talk later. It is at a very initial stage, but we are talking to them. In fact, they have approached us. So we are working on that.
- Anubhav:** Got that. And on the aftermarket business, is that a focus area? And are we trying to like grow that? Because that has remained flat for quite some quarters. So if you can like throw some light on that?
- Management:** We are working with the OEM, and the product belongs to -- our product, whatever is being developed, it belongs to the customer. And we are bound to -- as per with the agreement, we cannot sell those supplies to market. So market is flat.
- Anubhav:** But you do have a few products...
- Management:** Yes. There are a few products, which has been developed by us in past, like, for some specific customers, wherein we are not in OEM. We are supplying, and that market is very...
- Management:** Restricted.

- Management:** And another point is, now the new -- all the new businesses, whatever is being developed, those are all in LED, which is having no aftermarket. It is already being used only once there is accidents.
- Moderator:** Our next question comes from the line of Vijay Kumar Pandey from Nuvama.
- Vijay Pandey:** I just have a couple of questions...
- Moderator:** Sorry to interrupt you, sir. But can you speak a little louder?
- Vijay Pandey:** Is it okay now?
- Moderator:** Yes. Please go ahead.
- Vijay Pandey:** First, I wanted to check in terms of our volume share with HMSI and Yamaha...
- Moderator:** Sorry to interrupt you, sir. Your voice is breaking.
- Vijay Pandey:** Is it okay now?
- Moderator:** Can you move to a different environment and speak something?
- Vijay Pandey:** Is it okay now?
- Moderator:** Yes. Please go ahead.
- Vijay Pandey:** Yes. I wanted to check about our wallet share with -- market share with HMSI and Yamaha. Has it declined as compared to what it was previously? Because our growth has been slightly lower than what they have been growing, at least the production rate at which they have been growing. So just want to understand, if you can throw a little bit light on that?
- Management:** See, it has already been replied in last question also because this is all dependent on the model mix, which model is running good, which model is doing good, which state is good -- which model, which state is doing good. So this is only the model mix, wherein overall market grew by -- HMSI is 18%. We are at 14%. So we are stable there. There is no market drop.
- Vijay Pandey:** Okay. So, sir, which is the part that we are not present with HMSI?
- Management:** There are a few -- like, H'ness headlamp, we are not supplying. Front lighting is not supplying. Rear is not supplying. So there are a few products wherein we are not there. But most of the market and most of the vehicles segment, we -- our presence is there.
- Vijay Pandey:** Okay, sir. And secondly, sir, I wanted to understand about your plan to get into the electronics segment. How do you see that electronics segment to be developing? Like, which are the products you are targeting to get into? Because electronics includes a variety of segments. So if you can give a little bit...
- Management:** Electronics -- these are the part of lighting only. And what all LED business we are doing, it is being well designed and developed in-house only. All SMT, EMS process is being done in-

house. And additionally, the testing facilities, which is being -- under installation, commissioning, which will very soon start, that will also enhance our overall R&D capability, which will be kept 100% of captive uses for lighting business.

Vijay Pandey: Okay. So, as such, we are not getting into -- we will not be supplying any external electronics product?

Management: No, as of now.

Moderator: Our next question comes from the line of Vinay Nadkarni from Hathway Investments Private Limited.

Vinay Nadkarni: Yes. Just wanted to check out, is there any input costs going up because of supply constraints or anything of that sort?

Management: Nothing specific. And if it does, as we mentioned, it is kind of passed on. It sometimes comes with a lag. But otherwise, all the input costs are passed on, on a rolling basis.

Vinay Nadkarni: Okay. Secondly, can you help us with your Q3 capacity utilization of your plants, roughly what would it be, ballpark?

Management: It's between 77%, 78%-odd. But again, these numbers also depend on how many shifts you are running and so on and so forth. But I think overall, we are well positioned with our capex plan for the next year. We've already spent close to INR80 crores in 9 months. We will spend another INR20 crores, and also setting up enough capacities for future so that we can handle the growth going forward in the next 2 years.

Vinay Nadkarni: Okay. And what are the capex spent on in this year? If you have covered it somewhere, I'll just pick it up from there.

Management: No, there is no specific we have given the plant-wise. But this is basically on the machines and expanding the manufacturing capacities only. And some part is at the Tapukara facilities.

Vinay Nadkarni: Okay. And lastly, does this FTA with EU and U.K. open up some opportunities for exports directly to manufacturers abroad? Or is that not possible?

Management: Generally, we deal with the entities here in India who is onward exporter. So for example, Yamaha or Honda, they export onwards. We do not directly export except for a few...

Moderator: Sorry to interrupt you, sir. But there's some disturbance in the background. Mr. Vinay?

Vinay Nadkarni: No, there is no disturbance here.

Moderator: No, It's from your end actually. Okay. Please go ahead.

Management: Yes. So there is no major implication. As we explained, most of the exports that we have are in the form of indirect export, where we actually export to the -- we sell to the local entity, be it the Honda and Yamaha, who further exports. So they may get a further on the...

- Management:** Similarly, like Norton is being taken over by TVS, which will be indirect sales to U.K. also. The product will be supplied and manufactured here and we'll supply to TVS, and TVS will forward it to U.K.
- Vinay Nadkarni:** No, what I -- yes, that you had explained last time. What I was trying to understand is, for manufacturers in Europe and in U.K., 2-wheeler manufacturers, would you like to -- I mean, would you be exploring opportunities to supply to them directly, not those who are manufacturing India and exporting?
- Management:** We are already supplying -- like in Europe, we supply directly to Piaggio, Aprilia. We supply directly both the customers from here to -- for their different models.
- Vinay Nadkarni:** So this FTA will help you?
- Management:** Not such. It is already in regular supply, and it will not be such a...
- Vinay Nadkarni:** Thank you.
- Moderator:** Our next question comes from the line of Viraj, an Individual Investor.
- Viraj:** Just 2 questions. One is to understand -- you talked about increase in electronic content. So the current lighting LED models, which you supply to customers, if you take that as a base of 100, then how much the content increases post increased electronic content? Any rough indication?
- Management:** It is totally dependent on product-wise. It is very difficult to say percentage, but it always varies from 30% to 80%.
- Viraj:** On the existing base itself, would that be right?
- Management:** Yes, exactly.
- Viraj:** Okay. Got it. And sir, just one last question was, and this is to Mr. Jain. Sir, our cash levels, if you see, that will just keep on increasing. So despite the capex which we are planning and even accounting for the potential PV capex, the overall cash position in the company would just keep on increasing. So how are we thinking about utilization of this? I mean, I'm just asking more from a 2-, 3- or 5-year perspective. How are you thinking about utilization of this surplus cash?
- Management:** Yes. So we wanted to be well positioned for any growth opportunities that may come by, whether it's organic, inorganic, whether it is in 4-wheeler or whether it is in our 2-wheeler-related space. So at this point of time, there is expansion anyway, as we mentioned, INR200-odd crores capex going through in the next 18 to 24 months.
- But yes, you're right, even then, we will have some surplus. And I think we will, at an appropriate time, take a call. But at this time, we think business presents opportunities, which we could utilize this cash at some point of time, and we are constantly looking for such opportunities.
- Moderator:** Our next question comes from the line of CA Garvit Goyal from Serene Alpha Analytics LLP.

- Garvit Goyal:** Regarding the growth part, we are guiding for 15% to 20% kind of growth, right, which is more or less equivalent to our historical average of 15%. But if I look at your competitor, they are on the higher base, right? And they are growing and expecting to grow. They are providing a guidance of maybe more than 20% kind of number on such higher base.
- I agree that right now, we are into 2-wheeler segment. But next year onwards, I'm expecting, based on your commentary, like, we will be getting some contribution from 4-wheeler meaningfully, right? So considering that thing in mind, on a lower base as compared to the competitor, why are not we aggressive in the terms of the growth outlook, sir?
- Management:** So on the 4-wheeler side, I think we've already explained that we will kind of present you with those numbers. Those numbers are on top of -- this is the organic rate of growth that we are talking about, 15% to 20%.
- And obviously, we will strive for more, but our guidance continues to be in this range at this point of time. As and when 4-wheelers take shape and there is a significant uptrend there, we will add on to this growth.
- Moderator:** Our next question comes from the line of Shrikant, an Individual Investor.
- Shrikant:** Post Q3 capex, what would be the current cash level?
- Management:** So this is INR222 crores as of 31st December.
- Moderator:** Our next question comes from the line of Kush Nahar from Electrum Portfolio Management Services.
- Kush Nahar:** Sir, my question was more on the electronics side. So like we mentioned, we'll focus more on electronics. So I just wanted to understand, this will be beneficial to us more in terms of content per vehicle on the revenue side or more of backward integration, which will help in maintaining 14% plus, 14% to 16% EBITDA margins? So where will we get the value from?
- Management:** This will definitely increase the value also. And another point is, like, in our CMD speech, we are already working on upcoming technology, wherein laser, wherein ADB, wherein metrics. This will also give us a positive sign once you have electronics R&D facilities in-house and testing and validation also.
- Kush Nahar:** So it will be both on the revenue side also, plus benefit on the EBITDA margin also?
- Management:** Sure.
- Moderator:** Our next question comes from the line of Sahil Sanghvi from Monarch Network Capital Limited.
- Sahil Sanghvi:** First of all, congratulations for very good numbers. My first question is, so this year, what will be the total capex target? And next year, how much will be spent?

- Management:** This year will be INR100 crores for FY '26. And for the next 2 years, we think it could be upwards of INR200 crores, around INR200-odd crores.
- Sahil Sanghvi:** So INR200 crores total, right? I mean, not each, but INR200 total for next 2 years?
- Management:** Total for the next 24 months.
- Sahil Sanghvi:** Okay. And secondly, at the start of the call, Jain sir did say that there is a lot of planning going around green energy rollouts across the manufacturing units. So if you can give some more information on that, what kind of capacity of power plant are we trying to add? And what kind of savings can we expect on the power cost?
- Management:** Sahil, thank you. For these green energy initiatives and whatever the renewable energy we are implementing across our plants, one major part is the solar, solar in both forms, that is rooftop, as well as the open access. And in the South, we are also exploring the wind energy. Maybe in next 1 or 2 quarters, you will get a clear picture where we are. And -- but this initiative is already -- we are rolling it out, and you will see the impact in next 2, 3 quarters.
- Sahil Sanghvi:** So this will -- any time line when this can get commissioned? If you can help us with that?
- Management:** Okay. So let me clarify. This rooftop, we will be implementing. So it is -- it takes around 4 to 6 months' time, depending upon the capacity. And the open access is very short timer. So it is around -- 1 month or 2 months' time, we...
- Management:** 12 months!
- Management:** No, no, that -- so to start with, we can start -- for the open access, it takes around 2 months' time to start. And then, gradually, it is implemented. So maybe after 2, 3 quarters, you will get the clear picture.
- Moderator:** Our next question comes from the line of Vinay Nadkarni from Hathway Investments Private Limited.
- Vinay Nadkarni:** Yes. Just one query. We had -- see, there is so much of dependence on one single sector, automotive. You had in the past said that you are also looking at exploring other areas of indoor and outdoor applications. Any progress on that? Because today, the automotive sector is doing well, so we are happy?
- Management:** No, we've always been an automotive-focused company, and that is something that we have always done. And I don't think we mentioned anything on the indoor, outdoor. So our focus will continue to be and our fortunes will continue to be driven by auto industry. Whether it's positive or negative, it will be driven by auto. So there is no other sector specific outside of automotive that we are looking at.
- Moderator:** Our next question comes from the line of CA Garvit Goyal from Serene Alpha Analytics LLP.
- Garvit Goyal:** Sir, you mentioned certain products are not getting -- we are not providing to our end customers, Yamaha and HMSI. So I just wanted to understand what is the reason for that? Why are we not

providing these products? Are these products getting provided by any other competitor of ours only? Or what is the scenario?

Management: I think this is -- let me clarify it again. We are talking about -- we were explaining to one question that how we are supplying to the export and any global market. So what the OEM do, they take this product from us in India by their Indian entity only. And then onwards, they supply to their plants in Europe, in Indonesia, in Japan, wherever it is. So, that is the route. Otherwise, there is no such thing that we don't supply to our customers.

Garvit Goyal: No, sir. Let me repeat. I'm just trying to understand like the growth -- I think our customers are growing at a higher pace in this particular quarter than the growth of ours. So, that is why I think you explained some of the products we are not supplying. So, on that part, I'm trying to understand from you, who is providing those products to those customers?

Management: See, there may be different competitors they may be supplying, but whatever product is being supplied by us, it is totally dependent on the requirement from the individual customers from worldwide. So global requirement is not stable like India, like domestic market here in India. It is totally dependent on the area and month-wise.

There are a few products which is always be run during high winter season where production of 2-wheeler vehicles is -- always be reduced there. So this is a cycle only, and we are -- whatever model mix volume is being fixed at the time of RFQ, these are all being supplied by us.

Garvit Goyal: Understood. And it is not like the demand for the models which we are catering is not getting reduced, right? It's not like that?

Management: No, it is not like that.

Moderator: Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to Mr. Sahil Sanghvi for closing comments. Over to you, sir.

Sahil Sanghvi: I'd like to thank the management -- yes, go ahead, sir, please.

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 questions, please don't hesitate to contact us. Thank you, and have a good evening.

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

Note: There has been some disturbance in audio during the call. For sake of clarity, transcript has been corrected as per audio, post receipt from Chorus Call.