Fiem Industries

Operator: Ladies and gentlemen, good day and welcome to Fiem Industries Ltd. Q2 FY27 earnings conference call. As a reminder, all participant lines will be in 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 the operator by pressing star and zero on your touchtone phone. Please note that this conference is being recorded. And now I hand the conference over to Mr. Sahil Sanghvi from Monarch Networth Capital. Thank you, and over to you, sir.

Sahil Sanghvi – Monarch Networth Capital: Thank you, Yuvaraj. Good evening, everyone, and welcome to Fiem Industries Ltd. Q2 FY27 earnings conference call. Just a standard disclaimer: this conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Also, we would like to start the call with initial comments about the results and the future outlook of the company, and then we will open the floor for questions and answers. I now hand over the call to Mr. JK Jain, the Executive Chairman of the company. Over to you, sir.

JK Jain – Executive Chairman: Thank you. Good afternoon, and welcome to the Q2 FY27 earnings call of Fiem Industries Ltd. Joining me on today's call are Rahul Jain, Managing Director; Anchal Jain, Joint Managing Director; Rajesh Sharma, Joint Managing Director; Arvind Chauhan, Company Secretary; OP 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 have reviewed them.

I would like to start with the macroeconomic environment in which we operated. The conflict in West Asia continued to impact energy, freight, and commodity pricing. This kept the global environment uncertain. Supply chains remained stressed, and costs across sectors increased. The auto industry was no exception, with an impact on plastics and electronic components. A weaker rupee added to the cost of imported parts. Against this backdrop, demand in India has remained healthy in both urban and rural markets.

Turning to the two-wheeler industry, it had another strong quarter. Production was 8.09 million units. This is 15.5% higher than last year and about 11% higher than the first quarter. Scooter sales grew nearly 28%, while electric two-wheeler sales grew by more than 80%. As of September, about one in every nine two-wheelers sold was electric.

In this environment, Fiem delivered its best quarter ever. Sales grew 31% over last year to 932 crores. EBITDA grew to 131 crores, and profit after tax grew 32% to 84 crores.

Let me update you on our customers. With TVS, our business grew by nearly 50%, driven by LED lighting and models. In recent months, TVS has refreshed the Radeon and Jupiter 110, both with Fiem lighting. The Radeon now comes with all-LED lighting, which shows that LED is moving into the commuter segment.

With Honda, our business grew 20%. This is faster than Honda's own production growth of about 15%. Honda has launched 2 new premium models, the Rebel 300 and ADV 160 adventure scooter. We supply the headlamp, winker, and license lamp for the Rebel, and the rear combination lamp for

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the ADV 160.

With Hero, our business has almost doubled over the last year. Hero has also unveiled the Vida EV, its first electric motorcycle, at the EICMA Milan show for the domestic and global markets.

That brings me to electric vehicles. Our sales to electric vehicle makers doubled over the last year. Supplies to Ather, which began only last quarter, have stepped up. River and Simple Energy have also ramped up. To support this growth, we have stepped up investment. We invested 90 crores in the first half, more than double the amount in the same period last year. We are adding capacity in South India at the Hosur and Mysore plants, both of which are close to our customers' plants. We will continue to invest ahead of demand.

Let me close with how we see the road ahead. The first half of the year has produced strong results, with growth well ahead of the industry. With new models coming across our customers and the investment we are making, we continue to be optimistic about our growth. With this, I now hand over to Mr. OP Gupta and the finance team to take you through the detailed financial performance. Thank you.

OP Gupta – CFO: Thank you, sir. Good afternoon to everyone. First, I will present the quarter 2 numbers for FY27 in comparison to the corresponding quarter of the previous financial year.

Sales for the quarter were 931.78 crores against 711.42 crores in the corresponding quarter of the previous year. This is an increase of 30.97% and the highest quarterly sales in the company's history. EBITDA was 131.07 crores against 99.1 crores, an increase of 32.25%. The EBITDA margin improved to 14.07% from 13.93%. Profit after tax was 84.17 crores against 63.78 crores, an increase of 31.97%.

Now I will present the numbers for the first half of FY27 in comparison to the first half of the previous financial year. Sales for the first half were 1,731.68 crores against 1,384.49 crores, an increase of 25.08%. EBITDA was 235.13 crores against 186.46 crores, an increase of 26.1%. The EBITDA margin was 13.58% against 13.47%. Profit after tax was 149.36 crores against 119.84 crores, an increase of 24.63%.

Now I would like to provide an update on capex and cash balance. Capex was 49.73 crores in Q2 and 90.88 crores in the first half, against 37.81 crores in the first half of the previous year.

Management: Cash and cash equivalents were Rupees 163.42 crore as of September 30, 2026, after payment of a dividend of Rupees 105.28 crore during this quarter. With this, I end the financial brief. The floor is open for questions and answers.

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

The first question is from the line of Anubhav Mukherjee from Persian Capital. Please go ahead.

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Anubhav Mukherjee – Persian Capital: Am I audible?

Management: Yes, please.

Anubhav Mukherjee – Persian Capital: Hello?

Management: Yes, please.

Anubhav Mukherjee – Persian Capital: Congratulations on a great set of numbers. My first question is that your EBITDA margins have improved sequentially and year-on-year, but your gross margin is down sequentially by 169 basis points. Are we expecting some price escalation from our OEM customers in the coming quarter? Do we expect any particular timeline by which we will see gross margins normalizing?

Management: As I said, at the EBITDA level, we have sequentially grown from 13.5% to 14%, while over last year we have moved from around 13.9% to 14.1%, which is a marginal increase. You would appreciate that it has been a cost-escalation environment, but we have been able to manage some of those costs. Our material cost has actually increased, if you see it quarter over quarter. It has gone up from around 62% to 63.7%. That is a significant increase. However, we have been able to manage our other expenses, and operating leverage has taken effect, which has enabled us to manage our EBITDA margin at an overall level of around 14%. I think cost escalations are part and parcel of what happens on a continuous basis, but overall, we are quite delighted that in this tough environment, we have been able to manage at around 14%, which is the guidance that we have for the full year.

Anubhav Mukherjee – Persian Capital: A small follow-up to that: do we see EBITDA margins sustaining at these 14% levels going forward as well?

Management: We are trying our best because, in some areas, we are not able to recover those costs, but we are able to manage our operating expenditure. So, yes, 14% is our target.

Anubhav Mukherjee – Persian Capital: Great. You also mentioned that our revenue growth from TVS has been substantially higher than its own trade volume growth, both in Q2 and H1, and you mentioned higher LED sales. Going forward, do you see this type of outperformance sustaining in the coming quarters?

Management: I think this is again a great question. There are quarters where the product mix sometimes helps significantly. TVS has grown spectacularly in terms of its own volume growth at around 27%, but we have grown faster because of our product mix, as there were some models that relatively outperformed in which we are present. Also, the LED content has increased in our share of the TVS business. LED has grown. I think these are areas where, when we look at our portfolio, this is the overall package. Sometimes one model grows, and sometimes one LED cycle comes through. Our overall guidance, whether with TVS or with others, always remains that we need to be able to outperform them over a longer period of time, not quarter to quarter. We are quite delighted with this performance and will continue to work closely with them for further business.

Anubhav Mukherjee – Persian Capital: That is great. For Ather, I think they are launching multiple variants of Konark S and Z. Are we the sole auto-lighting supplier for all the variants?

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Management: Yes, for Konark, across all models and all variants, we are the sole supplier for all the lamps used in their vehicles.

Anubhav Mukherjee – Persian Capital: That is great. I have a pointed question, so pardon me for asking it, but your listed competitor Lumax Industries mentioned in its Q2 earnings call that it had won significant new orders for upcoming models of HMSI. It also hinted that it was gaining market share from your company. Would you like to comment on this, and how do you see your share of business in HMSI going forward?

Management: As you have already heard in our Chairman's speech, we delivered 20% growth year-on-year from the last quarter to this quarter. Similarly, we have already launched 2 products for their new models, the Rebel 300 and the ADV adventure vehicle. We are present there, but there are a few model changes from conventional to LED in which we are not participating. That business will go to the competitor, but overall, we are present, and some more models will be launched sometime in the second or third quarter of next year. At that time, we will possibly discuss this again.

Anubhav Mukherjee – Persian Capital: Okay. I will get back in the queue.

Management: Thank you.

Operator: Thank you. The next question is from the line of Virat Sacharya from Simple. Please go ahead.

Virat Sacharya – Simple: Thank you for the opportunity. I have a couple of questions. First, on TVS, correct me if I am wrong: the reason for the outperformance is that the selected models in which we are present with TVS did exceptionally well. There is no element of new models scaling up from the TVS business. Would that be right?

Management: Actually, it is a combination. First, some premium models have done well. Second, some models have shifted to LED, and that is higher content per unit for us. That has also helped. There have also been some new models that we have highlighted. It is a combination; there is not one single factor. However, the major part is that the content has increased in some of these models.

Virat Sacharya – Simple: The second question was on HMSI, which we just discussed. What you alluded to is that there are 2 or 3 models in the EV space for which we have been selected and which should start materializing sometime next year?

Management: Correct.

Virat Sacharya – Simple: One more question. If you look at the “Others” category, it has seen very good year-on-year growth for us. Is it predominantly Ather or predominantly Hero models? Can you provide some color on what is driving growth in that segment, “Others,” for us?

Management: In “Others,” except for our top 5 customers, we categorize every other customer in “Others.” That includes Ather as of now, Ola, and every other customer. Several EV OEMs are also included in this category.

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Virat Sacharya – Simple: Is the larger part of the full effect of the Ather Konark business already reflected in Q2, or should we start seeing it in Q3?

Management: This has already started, and their volume, based on what they have projected, is good. Those volumes are in the ramp-up phase and should definitely be good in the coming months and quarters as well.

Virat Sacharya – Simple: Last question. You used to share the order pipeline and RFPs, both in terms of two-wheeler and four-wheeler business. Can you provide any color on both businesses?

Management: We have more than 100 models on which we are working with all the two-wheeler companies, to be launched in 2027-28 and 2028-29. These are for the next few years. They represent approximately 800 to 900 crores of additional business.

Virat Sacharya – Simple: And on the four-wheeler side?

Management: On the four-wheeler side, we are working, but as we have already communicated during the last call, it is a slow process. We are slowly and gradually penetrating the four-wheeler market as well.

Virat Sacharya – Simple: Okay. Thank you, and good luck.

Management: Thank you.

Operator: Thank you. The next question is from the line of Kartik Nayak from Vincent Group. Please go ahead.

Kartik Nayak – Vincent Group: Hello. Thank you for the opportunity. Am I audible?

Operator: Yes, Mr. Nayak, please go ahead.

Kartik Nayak – Vincent Group: I wanted to understand, you know, what [trails off]

Kartik Nayak – Vincent Group: What kind of traction are we seeing in the four-wheeler business? If you could speak about the order book or the pipeline that you have.

Management: We are already updating you each quarter that we entered the four-wheeler business only in the last 1.5 years, and we are slowly and gradually working on projects that will be launched quarter by quarter. We expect some positive developments next year, when 4 or 5 projects with 2 or 3 customers will be launched together. That will provide a better contribution from the four-wheeler business.

Kartik Nayak – Vincent Group: On the revenue growth for the entire fiscal year, we are guided for 15-20% growth, and in H1 we delivered around 25%. Are we sticking to the 15-20% guidance?

Management: [pause] I think we would like to stick to the top end. We may do better, but from a general guidance perspective, we could guide more toward 20% and above.

Kartik Nayak – Vincent Group: Those are my questions. Thank you.

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Operator: Thank you. The next question is from the line of Jatin Raghuvanshi from Avendus Spark Financial Advisory. Please go ahead.

Jatin Raghuvanshi – Avendus Spark Financial Advisory: Congratulations on a strong quarter. My question has already been answered, so thank you.

Operator: Thank you. The next question is from the line of Piyush Singh from Nivritti Wealth. Please go ahead.

Piyush Singh – Nivritti Wealth: Hello? Am I audible?

Operator: Yes, Mr. Singh, please go ahead.

Piyush Singh – Nivritti Wealth: Congratulations on a good set of numbers. I have one question that is not related to the quarterly numbers. Do we see any expansion into another product category that we are trying or considering? Earlier, there was some business development with {? Gogoro ?} that was called off a few quarters ago. I want to know whether we are considering anything, because many other auto-ancillary companies in our segment, including competitors and others, have either entered other verticals or added other product segments or categories. Is anything on the cards, or are we evaluating something?

Management: [pause] On the product segment, we have stated that we continue to be on the lookout. However, our focus has always been on markets adjacent to what we do for our OEMs and in our product segments. We do not want to venture into completely new areas. In the past, as you rightly mentioned, we did try {? Gogoro ?}, and there were some tough challenges around it. However, there are several new products that we are evaluating, and we continue to look at them and conduct a lot of R&D work around them. When they reach a stage where we can provide you with specific numbers, we will come back to you.

Piyush Singh – Nivritti Wealth: The next question is on the four-wheeler side. Last quarter, we said it had been delayed until next year, but with the departure of the MD, what is our planning and strategy for the four-wheeler side?

Management: [pause] We have already communicated that there is traction in the four-wheeler business. We are working with four-wheeler OEM customers. There are projects under development, and there are projects at the RFQ stage that will take some time to reach the market. [pause] To add to that, as a percentage of our sales, it is still relatively small, and we expect that number to remain at that level for the next 12 months. We continue to work toward a major breakthrough. If we make some major breakthrough, we will let you know, but as of now, as a percentage of our overall revenue, it is not significant.

Piyush Singh – Nivritti Wealth: Okay, thank you. All the best.

Management: Thank you.

Operator: Thank you. The next question is from the line of Shreyansh from Serene Alpha. Please go ahead.

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Shreyansh – Serene Alpha: Hello? Sir, am I audible?

Management: Yes, please.

Shreyansh – Serene Alpha: Thank you for the opportunity. My first question is on the potential weakness in two-wheeler demand. Are we confident of achieving revenue growth of 25% in FY27, given this weakness in the market?

Management: [pause] We have had one of our strongest H1 periods ever in terms of how two-wheeler demand has looked, and we continue to be quite optimistic about overall growth. We have always guided for 15–20% growth. We think we should be able to achieve the top end of that range. Overall, we do not see any roadblocks to industry growth.

Shreyansh – Serene Alpha: You do not see any demand weakness due to the monsoon or anything like that?

Management: No, we are not seeing that.

Shreyansh – Serene Alpha: My second question is on the FY28 outlook. Considering that we are entering the four-wheeler segment and that we will have a higher base in FY27, what are the reasonable expectations for FY28? Is it still 15–20%?

Management: [pause] We want to guide for general growth of 15–20% for next year. As we enter the next year, we will also see how the demand environment looks. Overall, we feel optimistic about 15–20% growth.

Shreyansh – Serene Alpha: Okay, understood. Thank you for answering my questions.

Operator: Thank you. The next question is from the line of Arun Agarwal from Kotak Securities. Please go ahead.

Arun Agarwal – Kotak Securities: Thank you for the opportunity. My question is on the balance sheet. We have seen a fairly sharp increase in receivables as of the September quarter. Any specific comments?

Management: [pause] I would like to add to that. So far, there has been a slight increase in receivables, which, as you know, is due to the higher sales, although the realization period remains the same. This will normalize in the next quarter.

Arun Agarwal – Kotak Securities: The other question is on capex. I think last quarter we discussed capex of around 100 crores for the entire year. We have already incurred 90 crores in the first half. Does that number stand, meaning that we will have very limited capex, or have we already completed the capex, or will we have additional capex in the second half as well?

Management: [pause] We have received some very strong demand projections, so we have increased our capex target. As you rightly said, we have incurred around 90 crores. We could additionally incur 50 to 60 crores in the second half. That should take our capex guidance to close to 150 crores for the current financial year. Going forward, we also believe that a similar amount could be incurred next year, as we are in the process of setting up capacities, especially in South

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India, where there is significant customer traction across our existing EV customers. There is a requirement to set up new capacity and infrastructure. We have already made some inroads there. Therefore, capex is trending upward, strictly in line with the overall demand that we see.

Arun Agarwal – Kotak Securities: Just to clarify, we discussed that we should deliver growth of more than 20% this year, or did you say that we would achieve the upper end of the 15–20% guidance?

Management: We will stick to 20%. 20%. That is the top end of our range, which is 20%.

Arun Agarwal – Kotak Securities: Okay, okay. Thank you. That is all from my side.

Operator: Thank you. The next question is from the line of Anubhav Mukherjee from Prudent Capital. Please go ahead.

Anubhav Mukherjee – Prudent Capital: Thank you for the follow-on opportunity. We have seen good growth from Yamaha this quarter, both sequentially and year-on-year. Can you provide some details on what is driving this and whether it is sustainable?

Management: [pause] With Yamaha, we had given similar comments in the last quarter as well. The increase is because both the domestic and global markets are doing well, and we are present in all their models as of now. They have launched several new models, and several new models are currently under development. I think they have grown 24%. This is strong growth, and I think it will continue.

Anubhav Mukherjee – Prudent Capital: This is another small question. Piaggio has announced a plan to enter the mass-market two-wheeler segment in India. Is it premature, or are we involved in some development work for them? Some details would be helpful.

Management: We work very closely with Piaggio on both domestic and export models. The models already announced by the management are being developed with us, and the work is currently in progress. We hope all these models will be launched by the end of 2027. The entire lighting component is with us.

Anubhav Mukherjee – Prudent Capital: For Hero, apart from VIDA, are we involved in any other new model launches? Please provide some details.

Management: There are 7 to 8 models under progress right now, which will be launched by the end of this year, and several models will be launched in the coming years as well, apart from VIDA.

Anubhav Mukherjee – Prudent Capital: We are the suppliers for these models?

Management: We are the supplier for all those models.

Anubhav Mukherjee – Prudent Capital: Okay. I will get back in the queue. Thank you.

Operator: Thank you. The next question is from the line of Nishant Shah from Moneybee. Please go ahead.

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Nishant Shah – Moneybee: Am I audible?

Management: Yes, please.

Nishant Shah – Moneybee: Congratulations on a great set of numbers. I wanted to ask one question. We already know that we are entering the four-wheeler segment. With respect to the two-wheelers, where do we see the growth drivers coming from? Is it the EV segment that we are trying to enter? Is it more exports? Is it a higher wallet share from current OEM customers? How do we see the two-wheeler segment scaling along with the four-wheeler segment?

Management: We are the leaders in the two-wheeler industry. We have the highest market share overall in the industry, and we work with everyone across the board, including a number of new EV companies that have entered the market. For us, our focus is on product development, R&D, and how to work faster. The industry itself is growing well. Electric scooters are driving the market, and EVs overall are the trend. We are present there as well. From a growth perspective, it is not only one factor; all of these factors together contribute, whether it is ICE, EV, TVS, Honda, or others. Our plan and our value proposition are about moving fast and bringing new products to the market faster. Overall, we do not see any roadblock to growth in the overall two-wheeler industry and, therefore, to our growth over the medium to long term.

Nishant Shah – Moneybee: I also wanted to understand the four-wheeler business. I understand that realization would usually be better for a vehicle compared with two-wheelers because more units go into a four-wheeler vehicle. Is it only the realization, or do we also see a benefit in margins from four-wheelers? As four-wheelers become a larger part of the business in the future, do we see an improvement in margins from, say, 13-14% to 15-16%?

Management: No, I do not think there is any differentiation in margin per se. Also, it is too early to comment on margins because we do not have a significant share right now. Over the next 3 years, we first have to build a substantially large business, and then we can talk about a blended margin. However, in our view, I do not think the four-wheeler margin and two-wheeler margin are different. It is a competitive industry, and margins are similar in both.

Nishant Shah – Moneybee: I also wanted to understand your new capacity. Your capex is expected to be around 150 crores a year. What exactly do you intend to use the capacity for? Can you provide some details?

Management: We are enlarging the capacity based on the customer's requirements. It includes injection moulding, metallizing plants, and the substantial additional capacity required for the metallized items and other items needed for production to meet the customers' expanded requirements.

Nishant Shah – Moneybee: Understood, sir. Thank you very much for your time.

Operator: Thank you. The next question is from the line of Jiten Boricha from Sequant Investments. Please go ahead.

Jiten Boricha – Sequant Investments: Hello. Am I audible?

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Management: Yes, please.

Jiten Boricha – Sequant Investments: I have a couple of questions. The first question is on growth. We did a very good job growing our revenue by 30% this quarter. However, post-GST, we have grown by roughly 17-18% over the last 5 or 6 quarters, whereas this quarter we have grown by around 31%. Was there any one-time order in this quarter?

Management: No, there was no one-time order. Generally, our growth is a function of our OEM growth. If you look at the end result in terms of how the industry has grown and how our customers have grown, we will mirror some of that. The industry has generally performed well, and most of our customers have performed extremely well, which is why we have grown.

Jiten Boricha – Sequant Investments: My second question is on capacity utilization. What is our utilization as of Q2?

Management: We have invested ahead. We tend to invest ahead of our growth, and our current utilization is between 75% and 80%. This is after taking into account the new capex that we are undertaking. This is why we are investing further, as I said, over the next H2 and next year, to ensure that we are fully capacitated to take care of the demand we see ahead from our customers. The number is currently closer to 80%.

Jiten Boricha – Sequant Investments: 80%. We are spending around 150 crores this year as well as next year. What is the asset turnover for this? Is it the same?

Management: It is almost 3x as of now.

Jiten Boricha – Sequant Investments: My final question is on content per vehicle. Do we have any trend showing what our content per vehicle was 3 or 4 years ago and what it is today? How has it changed after the EV era?

Management: At a generic level, the trend is obviously upward, driven by LED, EV, and premiumization. However, we cannot provide a specific number because it varies significantly from very low-end models to very high-end models. Some export models are at the extreme end. If you take an average, it does not provide much insight. However, the overall trend is toward higher content, driven by both LED and premiumization.

Jiten Boricha – Sequant Investments: Understood. I will get back in the queue. Thank you.

Operator: Thank you. The next question is from the line of Darshan Shah from Multi-Act PMS. Please go ahead.

Darshan Shah – Multi-Act PMS: Thank you for the opportunity. My question is on HMSI. You mentioned that there could be some potential loss of business over the next couple of quarters. What are those models, and how much are they currently contributing to our revenue? Can you quantify that?

Management: It is very difficult to identify any model because we cannot disclose details before launch. The models that are under progress or may have been launched, such as the Rebel, which

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has already been launched, and the ADV, which has also been launched, depend entirely on the customer's volumes, the volume they place in the market, and the capacity they can increase. It entirely depends on the market.

Darshan Shah – Multi-Act PMS: I was asking about the potential loss that will occur, which you mentioned in the opening and in response to the first question. If it is not possible to provide model-specific details, can you quantify how much those models are currently contributing to our revenues?

Management: It entirely depends on next year's volumes. We cannot predict the customer's volume as of now. However, we know that there are 1 or 2 projects in which we are not participating. It entirely depends on how much the customers' volumes grow in the market.

Darshan Shah – Multi-Act PMS: My second question is on Yamaha exports. We saw large Yamaha exports in June 2025, almost 1 year ago. Based on discussions with the customer, is there any visibility over the next 6 months that those exports could return in the next 6 months?

Management: We are working on the next 4 or 5 orders that will be exported directly to other countries, such as Japan and Europe. Those will be launched during the coming year, and we hope we can reach the same position, where 20-25% {? bits ?} [trails off]

Darshan Shah – Multi-Act PMS: My last question was about Hero. You said you are working on 9 or 10 models. In FY26, that is next year, can we expect Hero to contribute a mid- to high-single-digit percentage of our revenues?

Management: [pause] We are very hopeful, and we will definitely do much better than we did last year. There are 9 to 8 to 9 to 10 projects at present that will be launched during next year. It entirely depends on the volume they receive from the market, but we are very bullish about the overall Hero market in the coming year.

Darshan Shah – Multi-Act PMS: Okay, sure. Thank you.

Management: Thank you very much.

Operator: Thank you. The next question is from the line of Kushagra from Electrum PMS. Please go ahead.

Kushagra – Electrum PMS: Thank you for the opportunity. My question is about the new products you are working on, such as light control modules, focus lighting, projection optics, and so on. Can you provide an update in terms of customer approvals, sampling stage, and so on?

Management: [pause] A few products are already under development, and a few products are at the proof-of-concept stage, which were recently presented by us at EVN as well. We are working very closely with those customers to convert these proofs of concept into mass-production products.

Kushagra – Electrum PMS: In terms of revenue, can we expect some contribution from next year, or what is the timeline?

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Management: As of now, it is very difficult to say because it entirely depends on customer acceptance, which of these proof-of-concept products will be accepted by them, and only after that can the volume and value be calculated.

Kushagra – Electrum PMS: Okay, sir. Thank you.

Management: Thank you.

Operator: Thank you. Participants who wish to ask questions may press star and one at this time. To ask a question, you may press star and one now. Before we take the next question, we would like to remind participants that you may press star and one to ask a question. The next question is again from the line of Kushagra from Electrum PMS. Please go ahead.

Kushagra – Electrum PMS: Just a follow-up. On the other expenses side, are there any one-offs, or is this the run rate we should expect? Although in Q1 we were also flat in terms of growth in other expenses, this quarter they grew by only 8-10%.

Management: [pause] Operating leverage is taking effect as far as other expenses are concerned. Other expenses will not increase in proportion to sales growth, which is why you see that number. It depends on operating leverage, so it will not increase in the same proportion going forward either.

Kushagra – Electrum PMS: Okay. Thank you.

Operator: Thank you. The next question is from the line of Anubhav Mukherjee from Perpetual Capital. Please go ahead.

Anubhav Mukherjee – Perpetual Capital: Thank you for the opportunity. Is there any update on new business from international OEMs? We were doing some prototype development for Mercedes. Is there any further update on that?

Management: [pause] As of now, there is no update because all those models being developed for Mercedes and others are under evaluation and testing. Once the testing and evaluation are completed, we will receive further orders from the customers and work on them.

Anubhav Mukherjee – Perpetual Capital: Okay, that is all from my side.

Management: Thank you.

Operator: Thank you. The next question is from the line of Ashutosh Tiwari from Equirus. Please go ahead.

Ashutosh Tiwari – Equirus: Congratulations on a very good set of numbers. I have 2 questions. First, on the Hero side, regarding the models you mentioned for upcoming launches next year, will any of these be existing models, or will they all be new models?

Management: There are a few existing models for which we are working as a second source, and the other models are all new.

Ashutosh Tiwari – Equirus: Are these high-volume models for Hero, or do we have any indication?

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Management: These are high-volume models.

Ashutosh Tiwari – Equirus: High-volume models, okay. The second question is on the cost pass-through. Will we receive some cost pass-through in the upcoming quarters, in Q3, Q4, and so on?

Management: [pause] That keeps happening sequentially on a quarterly basis. We would have received some pass-through from the previous quarter and so on. On a normalized basis, we believe this is the margin level that one should be able to achieve. However, if there is any [trails off]

Management: [pause] This quarter, obviously, we also benefited from operating leverage, while there was some gross margin pressure. Some pass-through could come in the next quarter so that we can maintain margins in the same range. Is that correct?

Management: Correct. That is correct, which is why, at an overall level, we believe that is the broad range. You are right.

Ashutosh Tiwari – Equirus: Okay, okay. Thank you very much, and all the best. I think we have been delivering consistently over the last 4 or 5 years, with very good growth as well as margin performance. Thank you very much for that.

Management: Thank you.

Operator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Management: [pause] I would like to thank everyone for participating in today's conference call. I hope that we have adequately addressed all your queries. If you have any further questions, please do not hesitate to contact us. Thank you, and have a good evening.

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

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

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