



“ASK Automotive Limited Q4 FY-24 Earnings Conference Call”

May 21, 2024



MANAGEMENT: **MR. KULDIP SINGH RATHEE – CHAIRMAN & MANAGING DIRECTOR.**
MR. AMAN RATHEE – WHOLE-TIME DIRECTOR.
MR. NARESH KUMAR SHARMA – CHIEF FINANCIAL OFFICER.
MR. SANJEEV ARORA – SR. VP, FINANCE OF STRATEGY & HEAD OF INVESTOR RELATIONSHIP.

MODERATOR: **MR. BASUDEB BANERJEE – ICICI SECURITIES.**



Moderator: Ladies and gentlemen, good day and welcome to ASK Automotive Limited Q4 FY24 Earnings Conference Call hosted by ICICI Securities.

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 an assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Basudeb Banerjee from ICICI Securities. Thank you and over to you Mr. Basudeb.

Basudeb Banerjee: Thanks Manav. Good evening to all the participants, thanks to the top management of ASK Automotive for giving us the opportunity to host the call.

We have with us the top management represented by Mr. Kuldip Singh Rathee – Chairman and Managing Director; Mr. Aman Rathee – Whole-Time Director; Mr. Naresh Kumar Sharma – Chief Financial Officer, and Mr. Sanjeev Arora – Sr. VP Finance of Strategy and Head of Investor Relationship.

The Updated Presentation has been posted on the exchanges. So, without wasting any time, handing over the call to Rathee. Over to you sir.

Kuldip Singh Rathee: Thank you, Mr. Basudeb. Good evening ladies and gentlemen. It gives me an immense pleasure to welcome you all, for our first Post-IPO Earnings Conference Call for the Year Ending 31st March ‘24.

I firmly believe we are in the midst of exciting times, both as a country and as an industry. As per SIAM, two-wheeler segment continued the recovery path with the growth of 10.3% in vehicle production in FY24. Rising demand from the urban sector and recovery in rural segments due to strong festive and wedding season enabled the overall automotive sales to grow by 9.2% Y-o-Y across all segments as per SIAM report. The prospects of our economy continue to remain bright, with all macro indicators pointing towards growth of the automotive industry, which in turn provides opportunities for ASK. With the above normal monsoon forecast by IMD, we are hopeful of a strong rural recovery to aid the performance of the two-wheeler segment in the coming financial year also.

During the Financial Year 2024 ASK Automotive delivered robust performance across all product segments and recorded an impressive growth in revenue, earnings and margins. This is the result of our concentrated focus on expanding value-added businesses improving on the cost efficiencies and driving towards excellence.

Let me briefly talk about the consolidated Financial Performance of FY24:



For FY24, I am excited to share that we have outperformed industry growth and delivered robust performance with 17% revenue growth, 26% EBITDA growth and 41% PAT growth. In Q4 FY24, we delivered a strong performance and recorded a consolidated total income of Rs.786 crore with 38% Y-o-Y growth. Our total consolidated income for FY24 stands at Rs. 3,005 crore with growth of 17% Y-o-Y. Our all three product segments performed well in FY24 in terms of revenue growth. We have sustained market leadership position in the advanced braking system. Our advanced braking system revenue grew by 23% in Q4, and 7% in FY24 on Y-o-Y basis.

The Aluminum Lightweighting Precision Solutions, revenue grew by 73% in Q4 and 29% in FY24 on Y-o-Y basis. The safety control cable revenue also recorded growth of 32% in Q4 and 36% in FY24 of Y-o-Y basis. In line with our business growth strategy, we have strengthened our position in the EV segment and recorded revenue of Rs. 120 crore in FY24 with 133% Y-o-Y. We have also significantly expanded our export business and delivered revenue of Rs.147 crores in FY24 with 58% Y-o-Y growth. As expressed in the previous interactions, I am delighted to share that we have achieved double digit EBITDA margins at 10.9% in Q4 and 10.4% in FY24 compared to 9.6% in last year. We are confident to improve the margins further. Improvement in margins during FY24 were mainly driven by better economies of scale, improved volumes, better product mix with the customers and continued focus on cost optimization.

Our EBITDA for Q4 stands at Rs. 86 crore, with 71% Y-o-Y growth and Rs. 311 crore in FY24 with 26% Y-o-Y growth. We have achieved a PAT of Rs. 48 crore in Q4 FY24 with 112% Y-o-Y growth. This includes onetime deferred tax gain of Rs. 3.5 crore that realized in ASK Automobile Private Limited, which is the wholly owned subsidiary of ASK Automotive Limited. Our FY24 PAT stands at Rs. 174 crore with 41% Y-o-Y growth.

We have turned around ASK Fras-le joint venture for our CV business in FY24 in which we have 49% share. Our share of profit in JV improved from losses of Rs. 6 crore in FY23 to profit of Rs. 16.5 crore in FY24. This includes a onetime deferred tax gain of Rs. 6.3 crore. As a result, the EPS has increased from Rs. 6.2 in FY23 to Rs. 8.8 in FY24.

We have delivered strong returns in FY24 with ROACE at 23.6% and ROAE at 23.7%. We have also improved our debt profile with debt to equity reducing 0.42x against 0.49x in last year. Our average debt to EBITDA is at a reasonable level of 1.06x in FY24.

The total debt for the company stands at Rs. 342 crore as on 31st March '24. Our CAPEX spent for the year was Rs. 285 crore, mainly to build capacities for future business growth opportunities. Delighted to announce that considering our good performance delivered in FY24 the Board has recommended a dividend of 50% that is Rs. 1 per equity share of face value of Rs. 2 each.

I would now like to give you updates on the recent CAPEX and of the new key initiatives undertaken during the year for our future growth. As a CAPEX update we have invested Rs. 380



crore up to 31st March '24 to set up our large manufacturing facility in Karoli, Rajasthan to cater to upcoming demand of our customers. The commercial operations of the plant has already started and expected to be generating cash profits from Q1 FY25. This will cover our revenue growth of the next one to one and a half years. We also plan to invest Rs. 200 crore for setting up a new manufacturing facility in Bangalore, Karnataka to cater to the OEMs established in the Southern India. The plant is expected to be operational by Q4 FY25. This will be our 18th manufacturing facility and the third one in South India.

Key new initiatives:

We have ventured into a new strategic partnership for HPDC alloy wheels for two-wheeler with technical assistance from LIOHO Machine Works Limited, Taiwan. Currently, the alloy wheels are produced in India using gravity die cast technology. We have the first mover advantage to produce the alloy wheels using HPDC technology. If this gets accepted and established with two-wheelers OEMs in India. This is a new technology and being tested with the leading company of Taiwan that is LIOHO which has successfully used this technology overseas. HPDC alloy wheels are lower in weight resulting in better fuel efficiency. The progress in this segment will be known in Q4 FY25.

In April 24 we have signed a strategic joint venture agreement with AISIN Group. As you all are aware, AISIN is ranked amongst the top 10 global tier one automotive suppliers of the world. This joint venture is to market and sell auto components in independent aftermarket for passenger car products. We are working on the formation of the joint venture company with 51% our stake. In the PV segment AISIN has a wide range of product basket and this will complement us as ASK has established a large network of dealers in independent aftermarket of India. The business plan is being formalized jointly with AISIN.

As a part of our ESG initiative and transition towards renewable energy. A solar power plant of 9.9 megawatt is being set up in Sirsa, Haryana for our captive consumption, with an investment of around Rs. 48 crore. This plant is expected to get commissioned so. Going forward, our revenue will keep expanding in the aluminum and safety control cable segments, as evident from the current year results. Being the market leader in advanced braking system. The business from this vertical is expected to grow in line with the industry growth only. With light weighting and thermal management, being the focus area of domestic and global OEMs, ASK is aggressively looking to utilize its aluminum casting expertise to expand business footprints both in India and globally.

The newly added capacities and Karoli, Rajasthan and an upcoming new facility in Southern Indian, Karnataka will help us scale up the growth. With continued growth momentum in the auto ancillary sector, we are confident of our ability to outperform the industry and better our market and return ratios in FY25. We are committed to keep contributing towards the value creation of our stakeholders through innovation and conscious expansion.



Thank you very much for your patient hearing, with this we leave the floor open for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question is from line of Pranay Roop Chatterjee from Berman Capital Management. Please go ahead.

Pranay Roop Chatterjee: Sir, my question is with respect to your die casting division, which is called as ALP. I just wanted to understand, which are the processes within die casting that you are doing currently and by processes I mean, like there could be light pressure, high pressure, gravity etc. So, which are the ones that we are doing currently and also if you could highlight in your die casting revenue, how much is the mix from machining like for example, machining revenue as a percentage of total die casting revenue?

Kuldip Singh Rathee: So, currently, in our portfolio of aluminum products, we are doing high pressure die casting. So, we don't do the low pressure die casting or gravity die casting testing, high pressure die casting is what we specialize in. Regarding the machining value addition, it is constantly our endeavor to do all the value addition in the product. So, most of our products, our machines products, and also requires further value addition in terms of heat testing, in terms of assembly, and also some times the painting.

Pranay Roop Chatterjee: Secondly, how much of your die casting revenue currently would be from two-wheelers?

Kuldip Singh Rathee: So, I am not going into the exact figures, but around Rs. 120 crore of revenue come from the Tier-1, where we supply to the Tier-1 like Denso and others, and then they supply to the passenger car; some of the export requirements where we supply to non-automotive segments also except for that, the rest comes from the two-wheeler segment.

Pranay Roop Chatterjee: Perfect. And sir, when I talk about the die casting business, along with like you said, machining and value addition, on a blended basis, in case you are able to reveal what could be the EBITDA margins that a business can clock within this segment?

Kuldip Singh Rathee: So, within the segment, it's very similar, I can say that the aluminum is slightly less than the other segments, whether it is the friction or the other. But yes, because of our better product mix, and more and more revenue coming from exports and other places. The mix is becoming very similar, and the EBITDA margin is also looking very similar.

Pranay Roop Chatterjee: So, if I got you correctly, it's slightly diluted but if you reach the level of value addition that you target, then probably the margins would settle at your company level is that what you are saying?

Kuldip Singh Rathee: Very right.

Pranay Roop Chatterjee: Got it. Last question for me, if I think about the two-wheeler industry, obviously it's not hit the peak of 2019 and recently there have been signs of growth, but then there is a debate whether it is sustainable or not, whether the growth is because of elections or not. And I was just attending



another channel call where one dealer was saying, that April growth of 30% in wholesale is there and in May the secondary is not that good. So, given you are largely a two-wheeler rank, and you speak to multiple OEMs, so you will be the best person to ask this question. How much high confidence or high conviction growth can come in two-wheeler industry volumes?

Management:

So, basically, as you rightly said that the FY18-19 levels have still not been achieved. However, post the H1, we are seeing good growth in the two-wheeler segment. Also in the coming months there is a quite upbeat in terms of the growth and since they have not reached the 2018 level. So, all the OEMs are very optimistic that this year will go **ok**

Kuldip Singh Rathee:

Even we are expecting a growth of at least 8% to 9% in the two-wheeler segment in this financial year.

Pranay Roop Chatterjee:

So, sir this is non-data question. So, I have heard this from multiple ancillary companies like everyone is striving to outperform the end client industry in auto, and coupled with this, there is the narrative of the lightweighting, which is both for cars and bikes as well. I am just trying to think, when you speak about outperformance theoretically, I can think of two to three things where it might come from. Number one obviously new parts are not coming into the bike right, the part remains, there always used to be a part probably steel or some other alloy is being converted to aluminum, that could be one source of our performance. Number two, could be you are winning a new client, or you are taking away share from a competitor. Or it could be that, for example cylinder could be a part where OEMs used to do it in-house and now they are outsourcing to vendors, there could be like two to three such factors, which is the dominant factor that is driving out performance for you out of these, I understand these three would have a role to play, but could you pick out one?

Management:

So, as you rightly said in the industry growth, whether it was the Q2 or the annual like if you see the annual industry growth was 10.3% and we have done 17% revenue increase. So, that 7% has basically come as you rightly said, it comes from our existing customers also where there is lightweighting, heat management and good part is aluminum being a light metal, a lot of focus even in EV for the light weighting increases the potential content for vehicles. Also, we are seeing new customers, we have seen new markets, new territories. So, exports is another factor which is playing a good role there. So, these are some of the factors which you rightly said that it's new products, and also the new customers.

Moderator:

Thank you. We have our next question from the line of Sarvesh Arora from Summer Wealth. Please go ahead.

Sarvesh Arora:

Sir, if you could please provide some guidance on the expected revenue for FY25?

Kuldip Singh Rathee:

As we have already mentioned that we will definitely outgrow the industry. And as I mentioned that we expect the industry to grow 8% to 9%. So, we are definitely growing in the double digit.



- Sarvesh Arora:** And do we believe that our margins are sustainable?
- Kuldip Singh Rathee:** Yes, because now the Karoli plant, which was functioning partially, is now functioning very well in Q1. And this is going to give us a lot of economy for scale, and we are confident that we will be improving our margins by 100 basis point.
- Sarvesh Arora:** Okay, sir. What are the factors that contributed to the top line and bottom-line growth in Q4 FY24?
- Kuldip Singh Rathee:** Last year, the volumes were very low because of the OBD-2 Norms of the government. So, the production of the two-wheelers was the worst possible. So, that's how you see a substantial growth in Q4, that's one of the main reasons but as you see overall, in the FY24, we have performed quite well.
- Moderator:** Thank you. We have our next question from the line of Naveen Kumar Dubey from Narnolia Financial Services Limited. Please go ahead.
- Naveen Kumar Dubey:** My question is related to the aluminum lightweighting precision segment. Sir, what kind of market size do you see, because we are seeing strong growth there. And industry trends reflecting that, we are going towards the light weighting of the vehicle, how do you see the market sizing?
- Kuldip Singh Rathee:** See the industry is growing at about 7% to 8% as per different sources, and aluminum content especially in the EV is increasing by 30% to 50%. And the same is to be more and more demand from the exports. So, we see a significant growth in this particular segment because of light weighting and heat management and even in the passenger cars more and more electronics is being introduced. So, more and more because of the heat dissipation qualities of aluminum, there is more and more requirements and more and more consumption of aluminum in cars.
- Naveen Kumar Dubey:** And sir one question regarding the CAPEX that you have done in last two years actually that close to around Rs. 600 crore. So, what kind of revenue potential we see in next three to four years from there?
- Kuldip Singh Rathee:** Aluminum side our asset to turnover ratio is 2:1. As you rightly said about Rs. 600 crore investment we have done so, Rs. 380 crore we have done, Rs. 200 crore we are in the process of doing in this year. So, this will cater to our growth of Rs. 1,200 crore. But basically, after doing this Rs. 200 crores in the South will be sorted out for the next financial year also.
- Naveen Kumar Dubey:** Okay. More question related to the non-current investment that is increased from Rs. 4 crore to Rs. 21 crore. So, what kind of investment that we made?
- Sanjeev Arora:** Hi, this is Sanjeev Arora, Head of Investor Relations this is mainly on account of increasing profitability from our joint venture business, if you see Mr. Rathee commented that, last year we turnaround in the joint venture business which was having a Rs. 6 crore loss last year and it has



moved to profit of Rs. 16 crore. So, net of tax, profit has got added to the balance of non-current assets.

Moderator: Thank you. Our next question from line of Jainis Chheda from Spark PWM. Please go ahead.

Jainis Chheda: My question is relating to a better long-term period maybe next three to five years. Is it possible for us to reach the historical margin peak of say 12% to 13% over next two to three years as we sweat our assets more?

Kuldip Singh Rathee: Yes, historically we have always been around 12%. So, sometimes plus, sometimes minus and we will be reaching, we are confident of reaching there as we utilize our capacities continuously which we have started utilizing from this quarter.

Jainis Chheda: And after the Bangalore and Rajasthan plant, is there any new plant or a greenfield expansion that is there in the discussion?

Aman Rathee: So, hi, this is Aman, as we mentioned that the Karoli plant as well as the Bangalore plant can take care of our next one and a half to two years of growth. So, as of now, there is no but yes, that will be our endeavor to keep looking for space and it has been our philosophy to be ready for the growth much ahead.

Jainis Chheda: And one last question on the borrowers bit, how do we see borrowings for next couple of years moving?

Kuldip Singh Rathee: See borrowings, we are very conscious of the debt part, because our internal accruals are also very strong. We are a cash generating company for the last 30 years so we keep a very judicious balance of debt and general philosophy of the company is to keep the debt around one year of EBITDA level.

Jainis Chheda: Okay. Any possibility of this to come down? As in we will be investing the incremental cash flow that is generated from the business into expansion or it will go towards debt repayment.

Kuldip Singh Rathee: No, see we are very conscious that if we invest Rs. 300 crore and we use it partially to our cash generation, so we don't take that much debt, so that's what I am saying, consciously we like to keep it around one year of EBITDA numbers. As you see our debt equity is also very healthy, it's only 0.42x.

Moderator: Thank you. We have our next question from the line of Basudeb Banerjee from ICICI Securities. Please go ahead.

Basudeb Banerjee: Couple of questions from my side. One is, a few months back when we are discussing that passenger vehicle, aluminum casting exports pie you are expecting to reach Rs. 300 crore in few years' time or from sub Rs. 100 crore level. So, currently where we are like from a quarterly rate



perspective, and how one should look at it panning out in FY25-26 and what kind of orders you would like to highlight?

Kuldip Singh Rathee: Mr. Basu what we were discussing, and we told you these are orders that we are negotiating, and we are very likely to get, we are in advanced stage. But that cycle starts from FY27 or FY28 and for the next six years. They are very big orders for six years, but the cycle starts from FY27 or FY28 only.

Basudeb Banerjee: Sure. Second question sir, as you mentioned on the JV for the passenger vehicle segment. So, what kind of quantum of investment you are envisaging through that JV down the line?

Kuldip Singh Rathee: AISIN maybe the joint venture for the independent aftermarket. And with our last setup in the aftermarket, there will not be very huge investments involved in this because it's more of a trading company for the quality, parts manufactured by ASK and AISIN both, and so it's more of a distribution setup. And we would like to take advantage of the huge market of not only India, but AISIN nearby countries.

Sanjeev Arora: In addition to that, there will be an equity infusion of about Rs. 11 crore as our stake is 51%.

Basudeb Banerjee: Sure. And last question from my side. In your initial comments as you said that from current 11% margin, you look forward to 100 basis points improvement as currently plant scales up. So, that fiscal incentive from Karoli will be on and above that or you are including it in that 100 basis points how to look at that?

Kuldip Singh Rathee: No, first of all we achieve 10.4% as we said 100 basis points from 10.4%. So, we have forecasted 11.5% and the fiscal incentives of the GST credit, we have taken only partial, because it has not yet started and it will start from sometimes in November or so this year so, it may be five months this year.

Moderator: Thank you. We have our next question from the line of Jainis Chheda from Spark PWM. Please go ahead.

Jainis Chheda: Do you share the order book in any form in the investor presentation, or anywhere that what is the current order book and the breakup of the same?

Kuldip Singh Rathee: See our order book is very much linked to the production done by our OEMs and as you know that we supply to each and every two-wheeler OEM in the country. So, whatever production they do and that's what I said, that this year because we have not even reached the pre-COVID level we expect a healthy 8% to 9% growth of the OEMs. So, our orders for all our parts are full. And as we are very confident we can see a double-digit growth for our own self.

Jainis Chheda: But anything in terms of exports any orders, long term orders something in the exports part?



- Kuldip Singh Rathee:** Yes exports we are doing pretty well, but sometimes there is a strain in the European market as there was last year sometimes in the US market, some recession kind of situation there. But overall, we see a good growth path in export side.
- Jainis Chheda:** And our working capital cycle has come down drastically, which is obviously a good sign. But what will be a steady state working capital cycle for us and a breakup in terms of how much will it be in exports and how much for domestic?
- Kuldip Singh Rathee:** Initially, our working capital has been 27 to 28 days as you must have seen in the past, so only because in the Q4 of last year, because of as I said OBD-2 norms came and production was very less, so payables were very less. So, in this particular year in the Q4 it has come down substantially to 17 days, but it will go towards the historical levels of 27 and 28 days, which again is one of the best in that class.
- Jainis Chheda:** Definitely, these are one of the best numbers no doubt about it.
- Kuldip Singh Rathee:** Thank you very much.
- Jainis Chheda:** And any dividend policies if you can share, do we have any dividend policy as such?
- Kuldip Singh Rathee:** We have a very esteemed Board of Directors and we are always looking after the shareholders' interests and creating value for them and as per that the Board will always take a suitable action.
- Jainis Chheda:** And what are the CAPEX plan for next two years?
- Kuldip Singh Rathee:** As is said, this year we will invest RS. 200 crore in Bangalore that will take care of our revenues of FY26. But next year also, we will be spending something like Rs. 300 crore because we get to pay one year before only for the next year, because we are very optimistic on the growth of the company.
- Moderator:** Thank you. We have our next question from the line of Kunal Ochiramani from Kitara Capital. Please go ahead.
- Kunal Ochiramani:** Sir, your peak operating margins were 13%, when do we expect them to come back at 13% or higher levels and if an investor wants to invest in your company for next five to ten years, what would be the growth journey you would say in terms of CAPEX asset turnover ratio and ROE?
- Kuldip Singh Rathee:** See we have one of the best ROEs and ROC in our automotive components segment, historically we have the ROC of 25%, which is one of the best and this year also we have achieved 23.6%. And I am confident that next year we will be touching around 25%. So, we will be doing better. So, with that kind of judicious efficiencies on the capital employed, I see and outgrowing the industry Y-o-Y. So, you can calculate yourself where we will reach in five years.



- Kunal Ochiramani:** Sir, the new CAPEX you are doing what will be the asset turnover ratio of the same?
- Kuldip Singh Rathee:** Asset turnover ratio I told you two times.
- Kunal Ochiramani:** And how much time will it take for the full capacity utilization?
- Kuldip Singh Rathee:** Karoli we will utilize within one and a half years completely.
- Kunal Ochiramani:** That means in first year how much it will be 60% or 70% can I assume?
- Kuldip Singh Rathee:** Yes, we will reach definitely 60% this year.
- Kunal Ochiramani:** And what is the peak utilization of such plants, is it 80% to 85% or it can go up to 95%?
- Kuldip Singh Rathee:** It depends but normally 80% is good enough.
- Kunal Ochiramani:** 80% is a good, fair enough. And sir about margins I asked a question?
- Kuldip Singh Rathee:** Margin with the economies of scale will keep getting better and better. That's what I can say as you see now the improvement has started and we are promising 11.5%, 100 basis point better margins, so this is the trend that we would like slowly to continue towards our traditional historic margins.
- Kunal Ochiramani:** Thank you so much, looking forward to visit your new plant.
- Kuldip Singh Rathee:** Most welcome anytime and we will also keep an investor research analyst, visit to the new plant, we would love that sometimes let the weather improve in Delhi. So, maybe in August, September or October whatever suits we will plan it.
- Moderator:** Thank you. We have our next question from the line of Amar Kant Gaur from Axis Capital. Please go ahead.
- Amar Kant Gaur:** I have a couple of questions. First one is on the two-wheeler EV side. While you have a fair share of business with a with a new age two-wheeler EV OEMs, your larger set of your customers are still not present in that segment. So, if you can shed some light on what are your expectations from those customers in that segment and any timeline for the same if you can share?
- Kuldip Singh Rathee:** See because there is price differential and it's a very cost competitive sector. So, it is quite a dependent on the frame two subsidies which the government reduced, but having said that, I would say that all the established players are also evaluating and seeing how the price differential can be reduced with the ICE engine vehicles. And probably they will take a call as per that.
- Amar Kant Gaur:** Okay, so no definite timeline as of now you have in mind?



- Kuldip Singh Rathee:** They have not informed us because we are supplying to each and every one.
- Amar Kant Gaur:** Alright, that's great to know. And the other one was on the alloy wheel business, which you talked about your technology tie up with LIOHO and that was basically for HPDC if I got it right, is that so?
- Kuldip Singh Rathee:** Yes.
- Amar Kant Gaur:** And sir pardon my ignorance but, the alloy wheels now are being made in GDC and LPDC?
- Kuldip Singh Rathee:** It is made in GDC at the moment. What is your question?
- Amar Kant Gaur:** So, my question is, how will this progress orders eventually when you the orders, how will it work, you will have to prove the product, etc. there will be probably at a time to market so, by when can you tell with some degree of certainty, that these products will come into the market?
- Kuldip Singh Rathee:** See, as I said that our collaborator from Taiwan is the leading player in Taiwan, and he's supplying to the best two-wheeler in Taiwan, that is Gogoro. So, it is a proven product by him. So, with that kind of technological backup, we will be bringing the product and testing on the Indian roads, along with our OEMs. And so some results will be out definitely by Q1 of next year.
- Amar Kant Gaur:** Okay. So, you indicated that with HPDC, the weight would be lower in terms of operations, and all would it be, let's say maybe cheaper to manufacture or more cost effective, maybe more margin accretive, how do you see the financial performance of this?
- Kuldip Singh Rathee:** See because of the lightweighting and because of the HPDC process, if it succeeds then, there will be a better productivity, slight reduction in the cost and smoother supplies to the customers. And even in the EV there, as I said, the lithium consumption of the battery is related to the weight of the vehicle. I feel it will be very much appreciated, that's our confidence.
- Amar Kant Gaur:** Okay, thank you. And just a final thing on, if you can indicate what kind of content per vehicle currently based on the product that you have right now, versus the products that are in the making, and you will be introducing in the next couple of years. How much can your content per vehicle improve by post that?
- Kuldip Singh Rathee:** Well, we can't quantify it at the moment because it will all depend on the success of the new products. But we endeavor is to continuously go for new technologies backed up by the world class players and improve the content per vehicle and also add to the number of customers. And that's how, because that's the only way you can outgrow the market.
- Moderator:** Thank you. We have our next question from the line of Jainis Chheda from Spark PWM. Please go ahead.



- Jainis Chheda:** One last question from my end, what will be the revenue from top three customers for FY24?
- Naresh Kumar Sharma:** This is Naresh Sharma, it's around 60%.
- Moderator:** Thank you. We have our next question from the line of Kunal Ochiramani from Kitara Capital. Please go ahead.
- Kunal Ochiramani:** Sir one last question from my side when you say your partner is from Taiwan, and he is the best seller in the country. Do you think India is comparable to Taiwan?
- Kuldip Singh Rathee:** Why not, we never underestimate ourselves.
- Kunal Ochiramani:** I mean to say the condition of roads?
- Kuldip Singh Rathee:** Condition of roads, that is as I said, that is what is to be tested. But, we are confident the way the roads are improving, I feel our product should test well, should succeed in the test.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Kuldip Singh Rathee:** Thank you, everyone for such patient hearing and well as a closure note, I would like to say that we will keep on working hard the way we have been doing in the past and try to show good results. That's what all I can say, because that's our job which we will like to do properly and come up to your expectations. Thank you very much, once again.
- Moderator:** Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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