

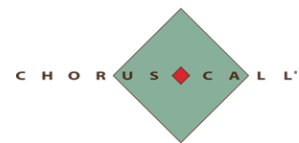


“Uravi T & Wedge Lamps Limited

Q2 FY '24 Conference Call”

November 16, 2023

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**MANAGEMENT: MR. NIRAJ GADA – CHAIRMAN, MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER -- URAVI T & WEDGE
LAMPS LIMITED**

**MR. SIDDHARTH GADA – URAVI T & WEDGE LAMPS
LIMITED**

MODERATOR: MR. KAUSHAL SHINDE – KIRIN ADVISORS



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Moderator: Ladies and gentlemen, good day and welcome to Uravi T & Wedge Lamps Limited Conference Call hosted by Kirin Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kaushal Shinde from Kirin Advisors. Thank you and over to you, sir.

Kaushal Shinde: Thank you. On behalf of Kirin Advisors, I welcome you all to Uravi T & Wedge Lamps Limited Q2 FY24 Concall. From the management side, we have Mr. Niraj Gada and Mr. Siddharth Gada. Now, I would hand over the call to Mr. Niraj Gada, over to you, sir.

Niraj Gada: Thank you. Good afternoon, everyone. I extend a heartfelt welcome to each one of you joining us for the conference call at Uravi T & Wedge Lamps Limited, where we aim to devolve into our exceptional performance during Q2 FY24.

Before we delve into specific quarter 2 and FY24, allow me to provide a concise review of our company and its business model. This will help you all to understand our company better. Uravi T & Wedge Lamps Limited is the forefront of automotive lamp manufacturing and supply sector, showcasing unparalleled expertise in crafting incandescent and wedge-based lamps.

Operating under the esteemed brand name UVAL, we are dedicated to provide tailored solutions for both original equipment manufacturers, that we call as a OEM and the aftermarket. Our diverse range of automotive lighting products, including stop lights, brake lights, taillights, indicator lamps and wedge-based lamps, which are used for instrument clusters like speedometers and exemplifies our commitment to excellence.

With our extensive distribution network spanning India, we actively pursue global expansion opportunities through strategic partnerships with leading LED filament lamp manufacturers in China and the Philippines. These collaborations underscore our dedication to deliver cutting-edge solutions to our customers and even for future customers to be. A significant achievement for us is being recognized as the largest manufacturer of automotive lamps for instrument clusters in India, specifically for instrument clusters.

Moreover, we proudly hold the second-largest position in automotive signalling and parking lamp segments for OEM, reflecting our commitment to meeting the diverse need of current automotive two-wheeler industries and four-wheeler industries. In financial year 2023, company reported total revenue of INR 3462.06 lakhs, with an EBITDA of INR 552.44 lakhs and a profit after tax of INR 86.76 lakhs.



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Against the backdrop of thriving Indian auto component industry set to become the world's third largest by 2025, our outlook is very optimistic, with component sales to the domestic OEM surging by 46% to reach about \$27 billion. We anticipate the industry's revenue to hit a remarkable USD\$200 billion by 2026, providing Uravi T & Wedge Lamps Limited with abundant opportunities for growth.

Navigating this dynamic landscape with strategic positioning, emphasis on innovation and comprehensive product portfolio ensures that we are well-prepared to capitalize on high development prospects in all vehicle industry segments, this commitment positions us to thrive into the evolving automotive landscape, ensuring sustained growth and success for our company.

Now I will comment on our financial highlights for Q2 and half yearly financial year 2023-2024. It is evident that Uravi T & Wedge Lamps Limited has showcased remarkable resilience and strategic progress. In Q2 financial year 2024, the company's total revenue witnessed a substantial upswing, reaching INR1081.55 lakhs, demonstrating its adaptability in ever-changing business environment, despite a slight dip in EBITDA of INR193.18 lakhs, the robust EBITDA margin at 17.86% reflects the company's operational efficiency.

The noteworthy surge in net profit after tax to INR57.53 lakhs with PAT margin of 5.32%, further emphasizes Uravi's financial strength and sound decision-making. The positive trajectory ends to an EPS of climbing to INR0.32 in quarter 2 of financial year 2023 to INR0.52 in Q2 of financial year 2024.

Looking ahead to Q2 of financial year 2024, Uravi's optimistic outlook is grounded in its strong Q2 performance and strategic initiative geared towards industry prominence. The company's consistent growth and financial stability position is favourably for continued success and in the dynamic market landscape.

Turning our attention to half yearly financial year 2024, Uravi's impressive total revenue of INR1,976.05 lakhs, up from last year's INR1,832.40 lakhs in half year financial year 2023, underscores sustained growth. The increased EBITDA of INR 356.39 lakhs, coupled with improved EBITDA margin of 18.064%, reflects sound financial management.

The profit after tax for FY24 is at INR119.49 lakhs with PAT margin of 6.05% signifies robust possibility and profitability. The upward trajectory of earning per share from INR0.82 in half year financial year 2023, to INR1.095 in half year financial year 2024, solidifies Uravi's financial success.

In summary, Uravi's commendable financial performance in half year financial year 2024, coupled with its strategic initiatives, highlights its dedication to excellence as a trusted supplier to Tier 1 partners of major OEMs, mainly two-wheeler OEMs all across India. Uravi continues to be a preferred supplier, emphasising in its commitment to delivering top-quality products in the market.



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Before we dwell into the question-and-answer session, I want to express my sincere gratitude to all our stakeholders for being an integral part of our growth journey. Your support and involvement have played a crucial role in our success, and we genuinely appreciate your valuable contribution.

With this, I would like to open the floor for question and answer. Thank you once again for your presence and continued support. Thank you.

Moderator: The first question is from the line of Prakash Jaiswal from Sree Capital. Please go ahead.

Prakash Jaiswal: Thank you. Good afternoon, sir. Sir, my first question is can you brief us about our product portfolio, any plan to expand and diversify the same?

Niraj Gada: Hi, Prakashji. Product portfolio as I – here's my brief, we are into mainly two-wheeler segment. We cater to all major two-wheeler segment of Indian Automotive industry where we are major supplier for speedometer lamps. Then we do supply indicator lamps that is signalling lamp for left and right and brake light.

So as of now, our Indian automotive industry is manufacturing somewhere around 1.5 million to 1.9 million two-wheelers per month and average speedometer lamps are required per vehicle is around 5 to 6 lamps. So, this is the market potential and we are one of the largest manufacturers of speedometer lamps in India. So, this is our product for incandescent lamps.

We do cater to OEMs for speedometer LED lighting, which we are under approval and under the process of approval for major OEMs. That would be the LEDs for features. And we are also developing with some joint collaboration future LED requirements of two wheelers and basically some key e-bikes also.

Prakash Jaiswal: Okay. And sir, who are our key clients and how much do we contribute to our revenue?

Niraj Gada: We have like as I said our major clients are all two-wheeler industries like our major clients are Bajaj Auto Limited, Hero Motocorp, TVS, then we do cater to Yamaha for speedometer lamps and there are many other small players also who are supplying to OEM, many other OEMs like Tata Motors also they are doing, they are doing to Mahindra's also. So, all these are our client customers, to whom we supply our lamps through Tier 1 vendors like Lumax, then we have Minda, Uno Minda, then we have Varroc Engineering. These are our direct customers.

Prakash Jaiswal: Okay. And are there any long-term contract or agreement with the key clients?

Niraj Gada: Yes. So, the system works like that. All the OEMs which I mentioned, like Bajaj Auto, Hero, Yamaha TVS, we have to approach OEM with our lamps and they will be testing our lamps. They will be finalizing all the commercials with our lamps. And then they will decide on which vehicle, Uravi's lamp will be fitted. Once they allocate, then they will ask their Tier 1 vendors, which are their direct vendors, with a fixed SOB.



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Like, they will, depending upon our quality, price and performances, they will ask the Tier 1 vendor to buy this much SOB from Uravi. So, these are the long-term things because OEM lamp approving process is long. That is somewhere around one and a half, two years process where you have to approve a lamp. Because, you know, some lamps have a life cycle of one thousand hours. I am sure if you have a two-wheeler, you will never remember changing your speedometer lamps. So, that is the life cycle of the lamp.

So, all this lamp has to go through all this approval process, which is about one thousand hours, one thousand five hundred hours in some cases. So, these two years of testing procedure, once that is complete, then all the OEMs will ask their Tier 1 vendors to undergo a purchasing system and they will define our SOBs and commercials.

Prakash Jaiswal: Okay. And, sir, what is your current capacity and its utilization?

Niraj Gada: Sorry, can you just repeat your question, please?

Prakash Jaiswal: Our current capacity and its utilization?

Niraj Gada: So, currently, we have a plant based in Mumbai and there is a place called Kathua in Jammu and Kashmir, where we have two plants, and one plant is in Mumbai. So, currently, we are utilizing Mumbai around 70% in certain products. In certain products, we are using 75%. And in Kathua also, it is somewhere around 70%-75% of our capacity utilization. In specific products, we have a capacity utilization of about 45%-50%.

Prakash Jaiswal: Okay. And sir, what is your plan for expansion and any effects in the coming year?

Niraj Gada: Yes. We intent to grow and have some technical collaboration in terms of LED, where we are almost closing the discussion with our technical partners who are in China. And they are one of the major LED manufacturers for automotive as well as housing. And we do have some tie-up with the Philippines companies for housing lighting, that is, home lighting LEDs. So, we are trying to come out with a product for LEDs in shorter futures, mainly for indicator lamps for two-wheelers that will be our target.

And, as I told in my script, LED speedometer is already under development and under testing with some of the OEMs. So, once the test approval will come, then we will start supplying of the LEDs. Secondly, we do intend to venture into EV because EV is going to be the future thing. So, we do have plans and we are already tied up with some of the companies for prototype development of EV chargers, which I think we will also be launching soon in the near future once we are satisfied with the approvals and testing at our end.

Moderator: The next question is from the line of Chinmaye Rane from Kojin Finvest. Please go ahead. Mr. Rane, your line is unmuted. You may please ask your question. As the current questioner has dropped the queue, we will take the next question from the line of Anupama Bhootra from Arihant Capital. Please go ahead.



Anupama Bhootra: My question is regarding the supply to – directly to OEM and small players. So, what is the differential margin when you supply to OEM directly and when you supply to small players who in turn supply to OEM? So, this is my question one.

Niraj Gada: Okay. So, first I will answer your question, Anupama. Thank you for joining. So, your question, if I am understanding correct, is what is the commercial, what we supply to OEM and the smaller players, something like that?

Anupama Bhootra: Right, right, right. So, margins, is there any difference in the margins when you supply directly to OEM vis-a-vis you supply to small players and in turn they supply to OEM?

Niraj Gada: So, as I told earlier, all the testing, technical are approved by OEMs and the commercial is also finalized by OEM. So, whenever we approach a new OEM, then they will first check our lamps, all kinds of lamps. Application they will then put the lamps to the bikes and vehicles as well two-wheeler and that they have a cycle of testing for certain period of time. Once that is done, then we are discussing commercial with them.

So, in commercial, they will finalize our share of business and that is the final price we have to build to all these Tier 1 vendors, which are our direct customers. So, commercially, Tier 1 doesn't, they don't play any role. Of course, if Tier 1 requires any specific lamps, which are not for OEMs, but they're different products like Lumex is exporting somewhere or CM is doing export somewhere or CM is doing their aftermarket sales where they are supplying retail kits to us, then they will raise a different PO to us, which is non-OEM and there the pricing are different. Where we have a different set of price for them.

Anupama Bhootra: Okay. Okay. If you can quantify a little bit on OEMs and non-OEM margin, is that possible?

Niraj Gada: Like OEM products are the lamps which we produce and which we supply directly to Tier 1 and which are in line going to be fitted in OEM. It's something like which works on day-to-day basis like on [inaudible 0:19:10]. The direct customers, which we do retail, these are the different segments of the product where the margins are entirely different.

Because retail, where there are specific lamps, which has like we have already started LED headlamps, which we supply to our retail like we have a networking in Delhi, Punjab, Haryana, Telangana, Bangalore, Kerala, Pune, Maharashtra, and all other states. Where these products have a different set of margins. The margins are compared to higher than what we have a regular business of OEM. OEM has a result showing somewhere around 6%-7% at our current operating levels we are having margin of PAT.

Anupama Bhootra: Okay. So, my second question is about replacement market. So, what kind of lifespan your product has and what kind of it can elaborate on your replacement business, replacement market business?

Niraj Gada: Yes. So, replacement market in India is a different product altogether. Like you can see automotives with very bright headlights, which will affect while you are driving or crossing.



You can see, so these are non-regulated lamps, which are not -- OEM will not be using this, but the market demand sometimes has a specific kind of lamps.

So, these all lamps have a different production base, production facilities. Like in headlamps, we do LED headlamps, we do halogens as well. Halogens we are manufacturing here, LEDs also we are assembling here. Then there are retrofit kind of LEDs signalling lamps, which are also available in market. Where you have to just remove your original company fitted lamps and you can just replace it with the same type of fitting and that is an LED retrofit lamps.

So, these are the things which are available in OEMs and non-OEMs, that is the replacement market. So, Uravi is catering to all these needs. We do have a range of halogens headlamps. We do have a range of LED headlamps. We have a range of retrofit signalling. We have a range of speedometer LEDs and there are LEDs in two wheelers next to your headlamp, which are called as a parking light. And then there are some lamps which are used above your number plates. Those are also bought by them. They have a small demand, but that is a big demand.

Then in rainy season, there are specific demands with what you call as a fishing and all. And where they do the maintenance of their boats and things. Then in North India, during winter, now we will have a specific gold lamp in halogens, which will be in demand for two months, three months for this fog and all.

So, OEM is very segmented and very different kind of market and very organized, but replacement market is entirely different, but each state has its own kind of demand and own kind of preferences, depending upon the geographical and economical positions.

Anupama Bhootra:

Okay, so thank you so much for that answer. And so lastly, one more question. If you can just give us like outlook, what is the goal of the company going forward, maybe over three years to four years and some kind of guidance in terms of revenue or margins? Are the current margins sustainable or do you think that the margins will expand going forward? So, any kind of guidance or any kind of outlook where the company is focusing and what are its targets over three years to four years?

Niraj Gada:

Yes, sure. One-by-one. The thing is now, as I told you, there are about 1.5 million to 1.9 million vehicles per month, which is our main market for two-wheeler lamps. And out of which the Hero is producing, Hero Moto is producing somewhere around 500,000, Bajaj somewhere around 400,000, TVS 300,000. Honda is somewhere around 500,000 and the other small players and EV is somewhere around 100,000 a month and other small players, Mahindra two-wheeler is there, Piaggio is there, those are around 200,000, 300,000.

So, Uravi, at present is catering to all these except Honda. So, our first target is like what we did is in this quarter 2, we could -- one OEM, I will not be able to tell specific name, but one OEM we could convince them with our performance and supply commitment and they have increased our SOB from 20% to 80% and which is implemented from September 2023.



So, Uravi is looking forward to good growth in sales in the next quarter and the quarter next week. So, we are expecting a good sales growth because of this one OEM, which has given us a good support and have a commitment also. So, that is going to be the main part for this financial year. We have already entered discussion with Honda where we have a limited presence for allowing us to test and supply. So, if Honda will come then we are expecting around 20%, 25% SOB from Honda also, which is a sizable SOB. So, that we are targeting for the year after April 2024 onwards.

So, in that financial year, we are targeting to enter Honda motorcycles and get business from them. And eventually within couple of years, we are targeting Honda SOB to be around 50% with us and maintaining all these customers who are already have trust in us and who are already buying from us.

Secondly, as I told, EV thing is going to be a future looking at the -- so, every winter we talk about pollution and then we forget but now it is going to be government starts to reduce emission and they are going to promote EV, but we are looking every day. So, Uravi has already started developing EV chargers for two wheelers and we are in discussion with some OEMs who are willing to try and I think the next financial year, we are going to pick some business in this segment also and as I told LED also.

So, what I am quite optimistic about these three years, four years which are going to come which would be see a lot of change from and the company is going to diversify from incandescent which is of course going to be a strong segment of revenue and we are going to add revenues from LEDs and EV segment along with some additional customer base like Honda and also [inaudible_0:26:58]. So, I am quite optimistic on that and we have already started our journey for that. I hope I have answered your question.

Anupama Bhootra: Yes. And if I may, can I ask one more question or I will join back the queue?

Niraj Gada: No, no. It's okay. Please.

Anupama Bhootra: So, just to understand, what are the companies most or USPs to combat competition because this space is very competitive. So, for Uravi, what is that USP or what are the most where you think that you can combat -- you can fight the competition and the OEMs are going to be like for a longer term, they will stay with you?

Niraj Gada: So, we started our industry in 2008 and as I told you it takes around 2.5 years, three years initially for us to develop and approve our first lamp. So, our first lamp was approved in 2012 and since 2012 to 2023, we have been going with the same OEMs because there are about five to six major OEMs in India as well as there are about three players -- major players for supplying lamps like halogens and incandescent to all OEMs.

So, though the market is quite competitive but we have a strategic location where we are very near to OEM because OEM will prefer always the units which are near to them and they are



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producing locally where they have a control in inventory and quality. So, we do have that strategic advantage while we do have a base here in Mumbai where we are catering to Pune which is a major automotive hub, and we have a plant in Kathua which is in J&K but quite near to Pathankot and highway. So, we do cater there to the northern segment, which is Delhi, Gurgaon and Pantnagar, which is again major hub to India, major automotive hub.

In Hosur, we have a strategic logistic tie up where we are having our stock building and logistic is taking care. So, Hosur is also being a major automotive hub where we all have. So, in all, all these facilities will help OEM to provide them support as and when required with the quality. Of course, OEM as you understand automotive OEM what we are having Bajaj Chetak to now what we have Pulsar, you can see how much quality is demanded and how much up gradation of quality has been done.

So, OEM will always give reference to Uravi, where we have the major quality supplier to all the OEMs. And secondly, we do have a very comfortable relation with OEM and we do cater and support them as and when required. So, these last 10 years record if you can see, OEM has always trusted us and given us more-and-more SOBs. Like I said last month also in September, we could get major boost in our SOBs from one major OEM. Thank you.

Anupama Bhootra: Okay, sir. That's helpful. Thank you so much.

Moderator: Thank you. The next question is from the line of Vaibhav Shah from Kojin Finvest. Please go ahead.

Vaibhav Shah: Yes. Hi. First of all, congratulations on good set of numbers and I have two questions, two three questions related to your expansion in the EV. So, exactly what we are planning to do in the EV charging segment? Are we setting up a charger, manufacturing charger or are we planning to do some charging network with tie up with some OEMs? So, exactly what we are doing it?

Niraj Gada: And what would be your second question?

Vaibhav Shah: Second question is related to the cost related to this expansion. Have we done any capex in this? And if not, what will be the quantum of capex that we are looking for? And by when it will be available in the market for the consumption or whatever is your plan or chargers or anything? So, these are the three questions.

Niraj Gada: So, Vaibhavji, I will first answer your first question. So, specifically, you have asked for EVs. So, yes, we are already developing a prototype of EV chargers, which is on board and off board chargers, both types. So, on board charger is charger which comes with the vehicle, off board charger which is mounted. And when you leave your vehicle, it is going to be charged on it. This is a fast charger.

And on-board charger is a charger which comes with the vehicle. So, we are developing these chargers with the strategic tie up, which we will be able to announce in the due course of time



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once we are satisfied with and we have completed the discussion. But we have already started developing this prototype and we are expecting the prototype to come in a couple of months. And then again, of course, it would be then given to OEMs. The OEMs are helping us to develop as well because of their interest.

We will be being a small and medium sized company which has got a significant cost advantage compared to other big players in this segment. So, OEMs are also helping us to develop this and we are expecting the first prototype to come in a couple of months where it would be again given to OEM for testing and it would be tested on and off the vehicle again. So, it is going to take about five, six months. And then we will be, of course during that time, we will be ready with production base in India and we will be producing for this.

Of course, for the capex, we have already discussed for capex with some of the institutions which are willing to invest in this segment. And as I told you, we have already developed the prototype. So, we are almost done with the major capex part. But there would be a capex in terms of testing facilities. There would be some capex as we get more business. The second part of the capex will come in enhancement of production.

Like we have -- we are targeting somewhere around 5% to 10% of the market size for this financial year, the coming financial year. And after that, we are going to target about 25% to 30% more. So, for that, again, for next year, we will be doing some capex which would be for enhancing production capacities and maybe a little bit of auto-automization of that.

Vaibhav Shah:

Okay. So, currently OEMs are manufacturing the chargers on their own or do they have any tie-up? How is the scenario with the current OEMs? So, I think Honda, Hero not Hero and TVS are the major OEMs which are actively into EVs which already they are clients. So, how is the current scenario for their charger manufacturing?

Niraj Gada:

So, EV segment, these are the major OEMs and there are many small players as well who were not regulated before but now they are regulated because there are some bikes and two-wheelers which are below speed limit. They also need chargers. And there are certain OEMs like you said, there is Honda, there is Ather, Ola, TVS, Bajaj. They also are manufacturing. So, as I said, all these OEMs will be testing the chargers and then they will be supplying it along with their vehicle.

One is the onboard which will be fitted and off-board will be supplied along with the vehicle. That is how when you buy an EV, the chargers will come together. One will be in your garage and one will be mounted in your vehicle there you can just that. So, OEM will procure from the third party and they will do their own testing and approval. Like they do for lamps, like they do for silencers, like they do and they assemble and they approve.

Vaibhav Shah:

Got it, got it. So, on speaking about this topic only, so you have mentioned that you are having some tie-ups, strategic tie-ups. So, I don't want to understand and I don't the name but is this Indian player or a foreign player with whom we have a tie-up?



- Niraj Gada:** So, there are mix because for certain products, we have tie-ups with foreign where the major technologies involved, certain players are like the body part and all that we have developed in India. So, there is a mix. It's not a specific person is going to make specific. We have been connected with major other players who are developing this part for us and then we are assembling the prototype again at the third party which is in India.
- Vaibhav Shah:** Okay, okay. And my last question because I am in flight, it is about to take off. So, what is the growth you see in this segment for next like said two to three years down the line?
- Niraj Gada:** So, currently you are talking about only EV or all type of chargers?
- Vaibhav Shah:** Only EV.
- Niraj Gada:** Only EV. So, EV is Very, sorry?
- Vaibhav Shah:** Then EV charging segment that you are planning, that growth only I want to know.
- Niraj Gada:** So, EV segment for four wheelers and two wheelers are going to be, as everybody knows EV is future. So, currently what I understand that roughly somewhere around 50,000 to 80,000 organized sector is manufacturing and 20,000 vehicles are being manufactured by small players, that is EV. This segment is going to grow somewhere around 500,000 in couple of years per month.
- I am talking about all these figures per month. So, the demand for this would be somewhere around, you can anticipate every year it is going to grow by somewhere around 35% to 40% conservative or 70% optimistically.
- Vaibhav Shah:** Okay, okay sir. Thank you so much.
- Niraj Gada:** Thank you.
- Moderator:** Thank you so much. The next question is from the line of Chinmaye Rane from Kojin Finvest. Please go ahead.
- Chinmaye Rane:** Yes, congratulations for the great set of numbers. I have two questions that you were discussing about the EV. So, the EV plan would be, will you be having the same, in the same current setup which we have in Mumbai or maybe in the Jammu and Kashmir or you are planning to have a separate setup close proximity to the clients which you are approaching to?
- Niraj Gada:** Yes. So, initially as I told we are targeting for next year somewhere around 5% of market share where we have enough capacity in the same area where we are located. So, some parts are going to be produced where we are developing prototype and some parts are then finalizing and finishing would be done.



And our Mumbai plant and some for North Indian segment, North India automotive, it would be done in our Kathua plant. So, that would be for only for the next year. Once we have and simultaneously we have enough area and land available in our Kathua where we are targeting our next expansion for EV. So, that would be our major hub for EV producing there for coming two years where we will be expecting around 20% more or 25% more market share compared to what we will have next year. That is about 5%.

So, yes, initially it would be at some places where we will be making a prototype or then 30%-40% and some places we will be finishing but eventually in couple of years entire production line would be set up in Kathua, J&K.

Chinmaye Rane: Do we have any tax benefits having a setup over there?

Niraj Gada: Yes, Kathua do have tax benefit. There is a GST benefit, then there is a capex benefit, subsidy is there, then there is a energy cost is less. So, these are the benefits, strategic benefits and they have got a major GST benefit as well.

Chinmaye Rane: Okay. And for this planned EV project which you are planning to have it in the next year, what kind of capex, you are looking into?

Niraj Gada: So, as I told we have already done major capex and you need numbers?

Chinmaye Rane: Yes, what is the quantum you are saying till date and what is your projected to do?

Niraj Gada: So, now we have already done the capex like the tie-ups where we will be producing prototype. So, the capex would be somewhere around INR2.5 crores to INR3 crores for testing equipment which we have already identified and we are simultaneously trying to procure the same along with our prototype when it is being developed. And once the prototype is out and our testing order is going to be completed in couple of months, that would be our first capex for this accounting year, this financial year.

And next financial year, where we will be producing or ordering mainly it would be somewhere around INR10 crores, where we will be having assembly line in Kathua. Those are the numbers in Indian Rupees. So, somewhere around, you say INR2.5 crores in this financial year and INR10 crores in next financial year.

Chinmaye Rane: Okay, and how it will be funded?

Niraj Gada: So, we have couple of institutions who have given us primary note for investing and giving us this, of course by debt only. So, they are going to give us this. We will not be approaching any other institution or any other method currently.

Chinmaye Rane: Okay. Coming back to our existing business, I just want to understand that we have clients like Bajaj, we have TVS, we have Hero MotoCorp and Honda and all. So, how much of their requirement is met by us currently?



- Niraj Gada:** Can you come again? I had understood, what you said is all these OEMs and their requirement and what you asked?
- Chinmaye Rane:** What are their requirements? Like suppose they are manufacturing the 1,00,000 lamps, they require the 1,00,000 lamps. So, how much of their requirement is met by us like 40%, 50%? So, what is our contribution in their requirement?
- Niraj Gada:** So, currently as I said, for instrument clusters, that is speedometer, you can consider us to be somewhere around 80% of the total market share of India. Indicator lamps, signalling lamps, we have somewhere around 50%-55% market share compared in India for all the two-wheelers. And four-wheelers, we have very marginal because four-wheelers, they would be, they are mainly into LEDs now, not incandescent. So, for incandescent, it is mainly two-wheelers now which are used.
- Chinmaye Rane:** Okay. In our revenues, how much the OEMs contribute and how much the replacement market contribute?
- Niraj Gada:** So, replacement market, we are somewhere around 3% of our total turnover and 97% is OEM.
- Chinmaye Rane:** So, generally we are into OEMs only?
- Niraj Gada:** Yes, OEMs.
- Chinmaye Rane:** So, would that cause any pressure on the margins or how are the margins outlook?
- Niraj Gada:** So, when the volume is there, then like the margins are comfortable, we can say, with OEMs. In aftermarket, it is the replacement market, margins are there, but it is a product specific wherein some product margins are thin, some products the margins are high. So, it is average. And it takes time to grow the replacement market. We have just ventured last year and now we have introduced a lot of products and we have made dealers, distribution.
- So, I think within a couple of years, we will have a significant presence in each and every shop and you will be able to see, you will everywhere. Specifically, when we will start EV as well, EV chargers and we will do this LEDs for four-wheelers as well. Then you will be able to see our company's presence all across India.
- Chinmaye Rane:** And the last question, are we looking to export like increasing our presence in the countries like the Middle East, UAE or Singapore like?
- Niraj Gada:** Mainly, we have targeted South America as a major customer base where we have identified our product demand is going to be. So, what we have done is, we have started appointing somebody in North America and Canada where they will be able to -- agent kind of things where they will be visiting South American countries. As you know, all Indian OEMs in two-wheelers, they have one or two plants in -- some are having in Brazil, some are in Venezuela,



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some are in South Africa. So, there we have a good presence because they know what UL is and it comes with Indian bikes.

Like you see Iran, Iran is a very major two-wheeler hub where Pulsar is a major selling bike. So, they know UL. So, these are the export but currently, let me tell you, we do have, we are developing Honda to be our next vendor. So, we are just locking our production capacity for Honda right now. Once we have adequate capacity for export, we will be targeting those areas, not currently.

Chinmaye Rane: Okay, that's really a great information, sir. Thank you and I'll come back in the queue.

Niraj Gada: Thank you very much.

Moderator: Thank you very much. As there are no further questions from the participants, I now hand the conference over to Mr. Kaushal Shinde for closing comments.

Kaushal Shinde: Thank you everyone for joining the conference call of Uravi T and Wedge Lamps Limited. If you have any query, you can write to us at info@kirinadvisors.com. Once more, thank you everyone for joining the conference.

Niraj Gada: Thank you. Thank you everybody.

Moderator: Thank you. On behalf of Kirin Advisors, that concludes this conference. Thank you for joining us and you may now disconnect your lines.