



“Lumax Auto Technologies Limited Q2 FY-24 Earnings Conference Call”

November 09, 2023

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Moderator: Ladies and gentlemen, good day and welcome to the Lumax Auto Technologies Limited Q2 and H1, FY24 Earnings Conference Call.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not guarantees of future performance, and involve risks and uncertainties that are difficult to predict. 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 “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anmol Jain – MD for Lumax Auto Technologies. Thank you, and over to you, sir.

Anmol Jain: Thank you. A very good afternoon, ladies and gentlemen. A very warm welcome to our Q2 and H1 FY24 Earnings Conference Call.

Along with me on this call, I have Mr. Sanjay Mehta; Mr. Vikas Marwah; Mr. Naval Khanna; Mr. Ashish Dubey; Ms. Priyanka Sharma; and Mr. Ankit Thakral from Corporate Finance along with SGA – our Investor Relations advisor. The results and presentations have been uploaded on the stock exchange and the company's website. I hope everybody has had a chance to go through the same.

The Indian economy has been expanding rapidly. Robust manufacturing and rapid credit expansion are likely to fuel GDP growth of more than 6.5% this quarter. This will result in heightened customer spending, and thus the demand outlook in general will remain positive. On the industry landscape, government initiatives including substantial spending and supportive schemes like FAME and PLI have significantly contributed to the recovery of demand in the sector. The emphasis on green mobility has led to major OEMs planning multiple EV launches in the upcoming quarter. Additionally, the introduction of these schemes has fostered the emergence of startups in the green mobility sector, further encouraged by the favorable environment. With four crores jobs and a significant economic contribution of approximately 7% of the nation's GDP, the automobile sector is vital to the nation's progress. The honorable Prime Minister has recently emphasized the industry's pivotal role, and visioning its contribution to propel India from being the fifth largest to the third largest industry globally.

Speaking of the performance of the automotive industry for the quarter, the quarter gone by has witnessed robust growth with multiple OEMs reporting highest ever monthly volumes in the past few months. On a segment wise basis, passenger vehicles continue to be robust and is at its highest level on the back of increasing demand, high disposable income and aspirational value. The premiumization trend is playing out well, giving us an opportunity to increase our wallet share across product categories. The overall passenger vehicle dispatches from automakers to



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dealers were up by 4.7% in Q2 of FY24 compared to the same period last year. The demand for two wheelers has not fully recovered as anticipated, primarily due to inflation and rising prices of the lower CC modules. Nevertheless, a new trend is emerging mirroring the premiumization seen in passenger vehicles, with major brands introducing high end bikes featuring top notch specifications.

Overall, the premiumization trend seen in passenger vehicles than two wheelers with high end specifications required constant innovation and high-end engineering and technological capabilities. This gives us a huge opportunity, and our endeavor is to increase our content per vehicle with our wide range of products under one roof. The electric vehicle segment has been seeing an unprecedented rise post COVID, especially on the two-wheeler side led by emergence of new age players and focus of traditional players on EV two wheelers. Currently, the industry is highly fragmented, but eventually only a few players with robust infrastructure and technological capabilities will be able to thrive. We are in touch with all the major OEMs in this industry.

The growth in four-wheeler EVs also has been robust, with a handful of major OEMs dominating the industry. However, the industry is still in its early phase and would only be an alternative to ICE vehicles once the costs related to manufacturing come down. Going forward we anticipate the second half of the year to outperform the first half on account of the festive season, and multiple new model launches in the pipeline by the OEMs. The transition to electric mobility, energy efficiency, light weighting of vehicles as well as alternate fuel usage are some of the outcomes of the emerging trend. Leveraging our decades of experience and strategic partnerships with global players, we strive to maintain a leading position within the industry.

On the financial front for Q2 FY24. Our consolidated revenues grew by 44% on year-on-year basis and stood at Rs.700 crores. Our EBITDA stood at Rs.99 crores up by 67% year-on-year with an EBITDA margin of 14.2%. Speaking of entity wise, the standalone entity caters to the integrated plastic module business, aftermarket business chassis and swing arm business for two wheelers, trailing arm for three wheelers under the metallic business and the two-wheeler lighting. The standalone entity has contributed 48% of the total consolidated revenues for H1 FY24.

IAC India recently acquired 75% subsidiary which is a tier one interior systems and components supplier to key automotive OEMs in the country, including Mahindra, Maruti Suzuki, Volkswagen India and Volvo Eicher commercial vehicles. The entity has contributed 31% of the total consolidated revenues for H1 FY24. The IAC management team along with Lumax will certainly continue to drive the business growth going forward. The Board of Directors of IAC India has approved the scheme of merger with its holding company Live on August 4th, 2023 with effect from the appointed date of March 10th, 2023. Whether the scheme has been filed with the honorable NCLT Mumbai bench on August 28th, 2023.



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Lumax Mannoh Allied Technologies, the 55% subsidiary which manufactures manual, AMT and automatic gearshift systems, and has the market leadership position contributed 13% to their total consolidated revenues. Exports business of automatic gear shifters for a global platform is on track and is performing well. We're also working in tandem with the joint venture partner to increase our reach to new markets. The company is sitting on a healthy order book of around 60 crores.

Lumax Cornaglia Auto Technologies, the 50% subsidiary manufacturing air intake systems and urea tanks Commanding 100% share of business with Volkswagen and Tata Motors contributed 6% to the total consolidated revenues. The joint venture holds a strong order book of 80 crores and keeping in mind the same the company's new facility is expected to commence from quarter four with the addition of plastic fuel tank as a product.

Lumax Ituran Telematics Private Limited has successfully commenced supplies of the telematics parts to Daimler India in the current quarter. The volumes are expected to grow significantly in the remaining part of the financial year with the addition of new range products. Lumax Alps Alpine India Private Limited the 50% subsidiary for the manufacturing and sale of electric devices and components, including software related to the automotive industry has contributed 1% to the total consolidated revenues. However, we have aggressive targets for this joint venture and are in discussions to make India a global production base for few components.

Lastly, on the order book front, the company has a healthy order book of Rs.1050 crores out of which 93% is new business and EV contribution is 40% of the total order book. Now, I would like to hand it over to Mr. Sanjay Mehta, Director and Group CFO to update you on the operational and financial performance of the company.

Sanjay Mehta:

Good afternoon, everyone. I will brief on the operational and financial performance for Q2 and H1 FY24. For H1 FY24 integrated plastic models post IAC business contributed 47% of overall revenue followed by aftermarket at 14% gear shifter at 13%, fabrication at 8%, emission at 6%, lighting products at 5% and others at 7%. For the first time share of passenger vehicle has overtaken two and three wheelers with EVs at 47% to two and three wheelers at 24% overall revenue, aftermarket at 14%, CVs at 9% and others at 6% for H1 FY24.

For more detailed operational highlights, one can refer our in the investor presentation uploaded on the exchanges and company's website. With respect to financial highlights the consolidated revenue for Q2 and H1 FY24 stood at Rs.700 and Rs.1332 crore respectively, up by 44% and 47% respectively. Revenues for IAC India stood at Rs.419 crore and EBITDA stood at 77 crores. EBITDA margins stand at 14.1% for H1 FY24 as against 11.9% for H1 FY23. Absolute EBITDA for H1 FY24 stood at Rs.187 crores a growth of 74% on year-on-year basis. PAT after minority interest for the half year stood at Rs.49.5 crores as compared to Rs.50.9 crores in the FY23. PAT margins stood at 3.7% for H1 FY24. The lower PAT with respect to last year is because of higher interest cost on account of long-term debt of Rs.400 crores and high



depreciation of intangible assets on account of acquisition of IAC India. The net debt as on H1 FY24 is Rs.88 crores, the CAPEX incurred during H1 is 41 crores and full year estimated is Rs.100 to Rs.110 crore. Now, invite for question-and-answer.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. We take the first question from the line of Resham Jain from DSP Asset Managers. Please go ahead.

Resham Jain: So, I have three questions. First one is on the base business itself. If I just remove IAC acquisition, it seems that the base business has seen almost like a flat or marginal de-growth. And within that the run rate of aftermarket is the kind of growth which we saw in the last two years 22-23. We have seen a significant kind of momentum loss in terms of growth. So if you can just share your thoughts around it, then I'll ask other two questions.

Anmol Jain: So thank you, you're absolutely right. If I look at H1 without the IAC business, the revenue compared to last year is almost flat. The key reasons is, either further bifurcate the joint ventures have actually grown by almost about 20%, 25%. However, the standalone entity which is largely the plastic business and the chassis business, that has de-grown by about 8%. And the reason for that is, largely Bajaj Auto's business of the frame has de-grown along with some of the business of the plastics for HMSI. These are the two fundamental reasons why there has been a de-growth and again the certain models which we are catering to for the frames business of Bajaj has actually de-grown by almost 35% to 37% on a year-on-year basis. And that's the single largest reason why that impact is coming in the standalone entity. Referring to aftermarket, the growth in H1 has been about close to 5%. However, that has primarily because there was a little bit of a cash flow crunch in the aftermarket business from recoveries, from the channel partners. And we were very clear that the cash flow realization is equally important. But for the last couple of months, we have seen a pretty good recovery on that aspect. And going forward in Q3 and Q4 we are actually looking at a much robust growth and aftermarket for the whole year is still likely to grow somewhere around 15% or North of that.

Resham Jain: Okay. So basically, second half looks like +20% kind of growth in aftermarket?

Anmol Jain: Yes, for sure. For H2 aftermarket would definitely grow upwards of 20%.

Resham Jain: And just a follow up on your answer to standalone business. So, are you seeing any improvement over there or any alternative plans to utilize capacity, because some of this volume lost if it has not come in the last six months, and if you're not seeing momentum, you can utilize that plant for some alternative customers or so?

Anmol Jain: So, these are dedicated plants, for example the lines are dedicated for the particular models. So, the frame business is anyways consolidated between two plants, which is in Aurangabad and Pune and just to give you an example, we are single source on one of the export models of Bajaj

which is called BM and that is de-grown by 36%. We are single source so, it's not like we have lost this share to a competition, but the overall volumes have declined by 36%. Also, the Platina model of Bajaj Auto has declined in Aurangabad by almost 33% on a year-on-year basis, we are again single source for this module. So, there is not much we can do in terms of utilizing this asset for production of other things. However, we are in talks with Bajaj Auto to try and get certain new businesses for their premium bikes of Triumph and also for some of their forthcoming electric vehicle models in terms of getting the overall frames as well as certain painting parts. So, that is still in discussions, but that will still take some time to fructify, I still expect probably a de-growth in the Bajaj frame business even continuing in H2.

Resham Jain: Understood, very clear. Second is with respect to the acquisition, there has been a good uptake in terms of the overall revenue since you have acquired. Should one expect similar momentum in the coming quarters also?

Anmol Jain: So, in H1 if you look at IAC we did about a 419 crores revenue, I expect slightly maybe a single digit incremental growth in H2 compared to 419 crores which we've clocked in H1, largely because again, Mahindra is the single largest customer there and Mahindra by itself is pretty much strapped on their capacities. So, because we are pretty much very strong 80%, 85% presence in Mahindra across models. So as long as Mahindra's output continues to increase, the revenue for IAC will also continue to increase. But having said that, in the forthcoming year, FY25 we're sitting on a pretty strong order book of around almost 650 crores for IAC India and again, a lot of the models of Mahindra-and-Mahindra as well as Maruti Suzuki, we have acquired businesses which will fructify in FY25 and FY26.

Resham Jain: I understood. And the last one is with respect to your comment on electric devices and software business which is just 1% as of now, and you said you are looking to manufacturer certain product for global requirements, so if you can explain what exactly is this business and what kind of business you are expecting from this one?

Anmol Jain: So, fundamentally the joint venture of Lumax Alps Alpine is obviously to make foray and go deeper into the Indian market, which continues to remain, the joint venture has also acquired certain recent new order books to the tune of approximately 60 to 70 crores, again by Indian OEMs and we are getting into not just expanding switches, but also the sense business and also talking to certain OEMs for certain in vehicle infotainment devices. So, these are very high in electronics, they are very high in embedded software and technologies, but this is the first strategy for the domestic presence and expanding the domestic presence. The second strategy under this joint venture is also to relocate the production base for some of their components which they make globally, relocate those facilities or the assembly lines and the entire production to India. Of course, this would be sold to OEMs globally through our partner internationally. So, while we will utilize the cost efficiencies of India and relocate the production here, the joint venture will clearly get a huge headway in terms of the revenues and obviously operating margins as well.



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Moderator: Thank you, sir. The next question is from the line of Mr. Aman from Carnelian Capital. Please go ahead, sir.

Aman: My first question was on we have been doing 18% kind of EBIDTA margins for the last two quarters. So, would this be the regular run rate for this business or like, how should one think about a consistent margin for this business?

Anmol Jain: Well, if you look at our EBITDA, the total EBITDA reported in H1 is 14.1%. So, I'm not sure what is the 18% you are referring to?

Aman: I'm talking about IAC India, the acquired business.

Anmol Jain: So, IAC India EBITDA, yes, has been consistently at about give or take 18.5% in quarter one and quarter two. Going forward, we do expect some marginal correction, because there are certain product mix which will change in quarter three and quarter four, but we do not expect more than 100 bps change going forward as well. So, I definitely feel that anywhere 17 to 18, 18.5% should be a sustainable EBITDA for IAC India at least in the subsequent quarters.

Aman: Understood, sir. And secondly on IAC India business again, after acquisition like how has been our talks with other OEMs and also increasing with OEMs like Maruti, how is that talks been progressing if you can touch a bit on that sir?

Anmol Jain: So, the talks have been very, we have had very strong engagement with specifically two OEMs Maruti Suzuki and Tata Motors. We did a technology show in both OEMs which was attended by not just the top management and the senior leadership team of both Maruti Suzuki and Tata Motors, but almost more than 400 footfalls were there right from engineering and sourcing teams. We already have a business relationship with Maruti Suzuki, though it is on certain models and it is for more of consoles and certain other products. The intent here is to try and become a full-service supplier to get into certain other parts like door panels and perhaps even the cockpit. So Maruti has also visited our facilities in Chakan to evaluate further how IAC India can expand its wallet share with Maruti Suzuki's forthcoming models and specifically in the new plant in Kharkhoda. Tata Motors also similarly, we have had some very strong engagement and the engineering and marketing teams hold continued discussions for their forthcoming models on the Avinya platform.

Moderator: We take the next question from the line of Abhishek from Dolat Capital. Please go ahead.

Abhishek: Sir, what is your revenue guidance for Lumax Auto Technologies excluding IAC India in FY24?

Anmol Jain: So, the guidance will be about a single digit growth for Lumax Auto Technologies without the IAC. Again, if I were to give you two buckets, the joint ventures in totality will still have a strong growth of 18%, 20% or even more beyond that. But the standalone entity for reasons which I've already explained largely being Bajaj Auto and HMSI, where we are expecting a very flat or a



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de-growth, because of that there is likely to be not much of a growth in the standalone entity, despite aftermarket which is expected to grow maybe 15% or North of 15%. So overall, I would say a single digit growth is what I'm looking at for this year for Lumax Auto Technologies without IAC.

Abhishek: As two-wheeler export volume is expected to improve from the fourth quarter onwards. So, can it be positive for you as well?

Anmol Jain: Well, we are hoping that the export volumes recover, but this is something which we will have to wait and watch as I mentioned, these are again business dynamics, when the domestic volumes were down about a year, year and a half ago, the exports were thriving and that was a time when we continued to have some handsome rewards. So, again, this is just the dynamics of business, but one will have to wait and watch, but as I said for the long term, we are trying to de-risk our portfolio with Bajaj by entering even the premium spaces, KTM is something which we have already entered and as I mentioned Triumph is something which we are under discussions with.

Abhishek: So, your depreciation rate is very high around 11.3% on gross block and EBITDA growth is very much impressive around 76%, but most of the growth was offset by the higher depreciation and interest costs. So, from this quarter we can see some normal depreciation rate around 7% to 8%?

Sanjay Mehta: So, actually at the time of acquisition of IAC we have created the intangible assets of almost around 213 crores and that will be depreciated over a period of seven years, so depreciation will be there for a reasonable period more, but definitely that advantage which we are getting in the tax, et cetera will accrue after the merger of IAC with the Live. So far interest is concerned because we have taken a debt of around 400 crore and there's a lock in period of 18 months. So, after post-merger the debt will going to be decreased on the basis of the accrual. But if you see the net debt is only 88 crores at a group level, that's at consolidated level.

Abhishek: Okay. So, what is your repayment plan?

Sanjay Mehta: 0.5x is the debt-to-equity ratio at present which will reduce after one year. In the next financial year, it will be going in the downtrend.

Abhishek: Okay. And sir tax rate is a very higher side in the first half around 30%, so what would be the attractive tax rate for the full year 25 and FY25?

Sanjay Mehta: Tax rate is at 25% because of interest portion which the LIVE is bearing. And some of the JVs are having losses where the auditor will not allow to create a deferred asset, which will be created in the next year. So, the tax rate for the next year would be down by almost 4.5%. So right now, it is at 30% the next year will be in the range of 25% to 26% post-merger.



- Abhishek:** Okay, sir. And my last question on the revenue from the Lumax industry that is consistently going down. So, what is the reason, because of the more captive work they are doing or what?
- Anmol Jain:** I don't think that is our core business. And that over the next few quarters or perhaps in FY25, will possibly strategically continue to decline. And again, the idea is to be a more tier one oriented system supplier and not say Tier-2.
- Abhishek:** So, will there be any impact on the aftermarket because of this strategic moment?
- Anmol Jain:** No, the Lumax Industries business has nothing to do with the aftermarket. This is a pure business which we do for the lightning segment. And as I mentioned, strategically, this is a non-core business area for us.
- Moderator:** Thank you, sir. We take the next question from the line of Harshil Shah from AM Investment. Please go ahead sir.
- Harshil Shah:** Sir my questions is about the potential of the exports from the Alps Alpine that you mentioned. How big can it be sir, just rough figure like whatever indication you have?
- Anmol Jain:** Well, the first product which we are talking about out, if we are able to get the global production base we're looking at somewhere upwards of 3 million units per year with an annual business of approximately close to between 150 to 200 crores annual revenue, and this is just for one product. And again, if it is successful then it would open doors to discussions on multiple other products. So, as I mentioned, Lumax Alps Alpine joint venture the partner has a global presence with very strong technological products. And we are able to establish this strong base of manufacturing footprint in India it will definitely open doors for further growth within the partners, other subsidiaries and presence across the globe.
- Harshil Shah:** Okay, sir and can you expect it by next year like if we break through?
- Anmol Jain:** So, the SOP of this would be somewhere around quarter three of FY25 or perhaps quarter four of FY25. So, FY26 ideally should be the first year you should be trying to get some significant revenues.
- Harshil Shah:** Have you started relocation of the plant, is it done like?
- Anmol Jain:** No. So, the current relocation discussions are ongoing between our partner and the OEMs. As I said, this is a relocation for Alps globally. So, once the OEMs, in principally the OEMs have been informed, but now the teams are working on doing more feasibility and again one of the key factor is the geopolitical aspect, a lot of this production will be moved out of China into India. So, again just to de-risk from China's supply chain, the OEMs are pushing the partner to relocate it to elsewhere and India is the front contender as I mentioned for this global production.



- Harshil Shah:** Okay. And Anmol in the presentation we have mentioned that, not in the presentation in the results that company has given guarantees to JOPP to raise money. So, is the subsidy ready to contribute from Q3 and what is the size if yes?
- Anmol Jain:** So, let Vikas take that.
- Vikas Marwah:** So, referring to your question, JOPP has passed a significant order book with its first customer being Maruti Suzuki, typical product development time for this is 12 to 18 months to get into SOP and the models awarded are for the new Kharkhoda facility that are coming. So, the revenue will not fructify in let's say, to that extent in the next two to three quarters, but this is in the FY26 preparedness as Maruti has rolled out plans for its 4 million readiness. So, that is where your JOPP joint venture has made a very strong entry now as a shift our supplier.
- Harshil Shah:** Okay. And sir on Ituran also can you just elaborate like, what is the kind of revenue we did and can be do in this year FY24?
- Vikas Marwah:** Yes, so, we went into the, so there are two products that are cleared for SOP with a major commercial vehicle customer this year for Lumax Ituran joint venture one product went into SOP, in the month of May, the second product is currently under initiation and we hope to start recording the monthly run rate revenue for it with effect from December and we will have three months of the SOP volume coming in this financial year. And then thereby going ahead further, this is a very highly advanced telematics product and currently the guidance for the Lumax Ituran joint venture continues to be upwards of 30 crores based on the current indication for the current year.
- Harshil Shah:** Okay. And Vikas sir anything, any other subsidiary can start contributing from the current financial year, like in the second half we can expect 100 crores from other subsidiaries which are not contributing anything right now?
- Vikas Marwah:** So, there are two subsidiaries or the two joint venture which are already at a significant run rate, of course one being Lumax Mannoh and Lumax Cornaglia, as Alps Alpine and Ituran would be ramping up towards for sure in the coming year. That is growth path at which they are.
- Harshil Shah:** Okay, any like Yokowo or anything that can contribute in the second half?
- Anmol Jain:** These joint ventures have a good order book, but in terms of a significant contribution to the revenue and profitability, I would say that FY25 should be the base year, FY24 we have done very nominal revenues from these joint ventures and as Vikas mentioned the gestation or the lead time for development right from discussions to engineering, at least is about 12 months. So, we are sitting on an order book on all these joint ventures, a healthy order book, but they would only fructify in FY25 onwards.



Harshil Shah: Okay, and Anmol what do you think will FY25 look like. And suppose we end this year at 2800, 2900 crore types or 2700 crores, so where do you think FY25 can be, given the current situation and the standalone business will grow at a slower pace, Mannoh and Cornaglia are becoming slightly like towards mature subsidiaries. So, what does FY25 look like?

Anmol Jain: So, FY25 if you would compare to FY24 whichever, anywhere around 2700-2800, 2850 is at the best what we're probably expecting for the full year. But again, next year two, three major change points, number one we will have the joint ventures growth significantly again, largely because of some strong order books, which were there in across joint ventures in Lumax Cornaglia, Lumax Mannoh, as well as the Ituran. As I mentioned, the supplies would start and we will get some full year revenues as well as Alps. So, the joint ventures will definitely continue to grow at a much faster double digit growth rate. In terms of standalone, aftermarket as I mentioned, I'm still very bullish, we will continue to grow at around 15% to 20% on an annual basis. The standalone which has the other business that is particularly on Bajaj and HMSI side. I do expect growth to come back in next year, it may not be a double-digit significant growth but definitely close to perhaps 7%-8% growth is likely. And on IAC we continue to have a very strong focus. As I mentioned, there is a very strong lineup of new models, both from Mahindra as well as from Maruti Suzuki, for which IAC enjoys the healthy order book of almost 650 crores. So, with that, and certain organic volume increase, IAC India will continue to grow in double digits for next year as well.

Harshil Shah: Okay. And sir margin, like if IAC margins decline by 100 bps, 150 bps, on the company level, can we maintain like 14% types margin?

Anmol Jain: Yes, definitely, at an overall consolidated level, we will be able to sustain the current margins of 14% give or take at an EBITDA level.

Harshil Shah: And one more thing sorry, is there any one off in the employee cost, it's too high, it's too steep 94 crores like?

Anmol Jain: You are talking about the overall employee cost?

Harshil Shah: Staff cost in current quarter is 94 crores. So, which was 84 crores in the last quarter.

Anmol Jain: No, so there would not be any significant one-time impact barring just maybe a few people who had been given certain annual performance bonuses, but that's not a significant amount. But IAC as I said, continues to have a manpower cost of around 15% and that's probably why you're seeing a significant increase in the manpower in Q1 and Q2.

Harshil Shah: But, IAC the total cost of employees last year was 72 crores and ours was like 50 crores employee cost. So, if we add up, our was like 200 crores sorry. So, if we add up it comes around



270 crores and even if that goes up by 10%, it should be around 325 crores. Now, this is like at half year level we are at 175 crores, so that translates to some 350 crores?

Sanjay Mehta: One more factor, if you recall the Lumax Metallica has been merged with this company and earlier the Lumax Metallica this particular head comes in the legal charges. So, after merger that cost is now being clubbed in the employees cost and same in the other expenses it is located that way.

Harshil Shah: There is another factor where you are seeing this?

Anmol Jain: There is just an accounting change. It does not impact the bottom line but yes, you're right if you look at particularly a line item of manpower it would go up. And if you look at the corresponding amount in other expenses, it would have gone down.

Moderator: Thank you. We will take the next question from the line of Nitin Gandhi from Inoquest Advisors Private Limited. Please go ahead.

Nitin Gandhi: Two questions. Can you share with us what's the sourcing done from China, by AlpsAlpine parent partner, that's question one number and secondly, what's the maximum revenue potential of all JVs put together, if you can share individually or collectively, whichever way you are comfortable.

Anmol Jain: Your number one question is, we are not doing any sourcing from China in Lumax Alps Alpine, there are other regions, Japan, and let's say Thailand and Vietnam and Indonesia, we are doing some imports across the different joint ventures from these regions, but we do not have any specific import directly into the JVs from China, what I was referring to is that, Alps our partner has a presence in China, where they manufacture this product for the requirement of global OEMs. And as a strategic call, they are wanting to relocate the production out of China into another region and that is the global production which we're talking about getting in India under the Lumax Alps Alpine joint venture. So that's answering to question number one. The second part of the question which is, what is the joint ventures potential put together. It's a very difficult question to answer, because again across the nine joint ventures the wallet share, which we enjoy is very, very different, case in point like the Lumax Mannoh, where we already have the market leadership position, the growth would come out of organic volume growth or geographical expansion into export territories or technological changes, we already are seeing that, but the growth would definitely be not the same as some of the other joint ventures like Lumax Alps Alpine or Lumax Yokowo. So, very difficult to give you a specific figure, but without IAC all the joint ventures are right now doing close to about 150 odd crores on a quarterly basis. Easily, I would say that the potential would be to probably go at least 20% to 25% growth in FY25. And probably that growth momentum should continue on an annualized basis.



Nitin Gandhi: Just let me reframe the Alpine issue, what is the Alpine sales at China at this point of time over last year?

Anmol Jain: Well Alpine is a very large \$8 billion company globally, and they have multiple production facilities across the globe. So, I would not have the exact number as to what is the contribution of China within the Alps global portfolio, but and that probably to me is irrelevant for Lumax Alps Alpine, because for Lumax Alps Alpine as I said, the strategy for Indian joint venture is to penetrate the Indian markets joint venture is primarily to service the Indian market. This just happens to be an additional business because of relocation of a global production hub.

Moderator: Thank you, sir. We take the next question from the line of Giya Shah from Wealth Securities. Please go ahead.

Giya Shah: My question is, post the IAC acquisition, what are the potential synergies we have observed and how has that been reflected in the financial numbers in terms of revenue growth, margin, customer acquisition and product addition?

Anmol Jain: There are various synergies, number one would be clearly the customer expansion and again, as I mentioned earlier, customer expansion does not happen overnight but there is a very strong engagement now both at the top level as well as the working level. Specifically, with Maruti Suzuki and Tata Motors who are the let's say focus customers for IAC India to grow our wallet share with them. So, I do expect that in the probably next two years give or take, we should have a significant order book from both Maruti Suzuki as well as Tata Motors. This again would be clearly one of the key reasons why we got into this business of expanding the portfolio of customers. The second synergy is also of course with respect to the sourcing. So, we are a large plastic consumer, and again to optimize the cost synergies with these global raw materials suppliers, because of scale. And again, the synergies work both ways, from IAC India into Lumax, or vice-a-versa. And we've already started to see some of those sourcing synergies play out not just in raw materials, but even the Tier-2 sub suppliers, which remain common in certain regions. The number three strategy is, again, at a group level more for the lighting piece, the interior lighting. So, while it is not related to this company, at a group level that synergy still holds true. And number four, again, the idea is we do a lot of components in to multiple joint ventures today. So, for example we do power window switches in one joint venture, we do gear shifters in one joint venture. We also do, let us say certain other interior parts like the air conditioning vent in the standalone entity, how can we package this as a full-service supplier through the OEMs along with IAC and give them as a complete module. So, this is a third synergy, which is being worked out and talked about with OEMs. I don't think it's possible at this point to give you a revenue and a margin outlook because of synergies. But, as I mentioned before, the order book for both the IAC as well as the non-IAC business continues to look very positive for the future.



Moderator: Thank you. The next question is from the line of Ravish Shah from Opal Securities. Please go ahead.

Ravish Shah: So, my first question would be on, what is the CAPEX done during H1, FY24 and what is the total CAPEX guidance for FY24 and FY25, and where these funds be deployed like this CAPEX be deployed?

Anmol Jain: So, H1 we did a CAPEX of 41 crores, which largely about 10 to 12 crores was in IAC India and about a similar amount went into the Lumax Cornaglia and about six to eight crores went into the frames business of Bajaj Auto, these three would be the largest contributors of 41 crores as indicated earlier, the outlook for the full year is estimated to be anywhere around 110 to 128 crores. And again, this would go into across multiple entities from IAC India as well as to the others, IAC would be the biggest pie of it but again Lumax Cornaglia and even the gear shifter business and the mechatronics business would have almost close to let's say 12 to 15 crores of outlay for the current year. FY25 still too premature to give you a CAPEX guidance, but to give you a very different scenario, is sitting on +1000 crore order book as I mentioned earlier, and to deliver that, over the next two to three years because FY25 is almost 45% of this order book would get realized and in FY26 it would be another 30% and then FY27 would be about another 25%. So, we do expect in the next two to three years, perhaps our asset turns would be much better compared to what we have traditionally been doing.

Ravish Shah: Understood sir, thank you for such a detailed answer, I have one more question. So, how much does M&M contribute to IAC India's business and what other major customers do it cater to that is there and also the major customer additions in IAC or Lumax business for the current period?

Anmol Jain: So, Mahindra accounts for almost 70% to 75% of IAC India business. The other three customers which are there are Maruti Suzuki, Volkswagen and Volvo Eicher, so these are the four customers we do also very nominal business with Force Motors and we do a lot of design and engineering revenue, even with Tata Motors, but not at a product component level SOP yet. As I mentioned, that is the next step on how do we get into a full-service supplier understanding with the like of Maruti Suzuki and Tata Motors and what was your second question?

Ravish Shah: My second question was, any major customer additions in IAC or Lumax business for the current period?

Anmol Jain: We do not have any major customer addition, we have got into a different product line, but the customers remain the same, so we don't have any this thing but the only other customer addition for Lumax Technologies would be Hero MotoCorp, where we started the plastics business in our Pantnagar facility.

Moderator: Thank you, sir. As there are no further questions, I would now like to hand the conference over to Mr. Anmol Jain for closing comments.



*Lumax Auto Technologies Limited
November 09, 2023*

Anmol Jain:

I would like to take this opportunity to thank everyone for joining into the call today. We will keep updating the investor community on a regular basis for updates on your company. I hope we have been able to address all your inquiries. For any further information, please get in touch with us or strategic growth advisors, our Investor Relations advisors. Thank you once again, have a good day and I also take this opportunity to wish all of you on the call and your families are very Happy and Prosperous Diwali. Thank you.

Moderator:

Thank you. On behalf of Lumax Auto Technologies Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.