# "Lumax Auto Technologies Limited
# Q3 & 9M FY2024 Earnings Conference Call"
# February 14, 2024

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**Moderator:** Ladies and gentlemen, good day and welcome to Q3 and nine months FY2024 Earnings Conference Call of Lumax Auto Technologies Limited. This conference call may contain certain forward-looking statements about the company, which are based on beliefs, opinions, and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during 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, Managing Director of Lumax Auto Technologies Limited. Thank you and over to you, Sir!

**Anmol Jain**: Thank you. A very good afternoon ladies and gentlemen, a very warm welcome to our Q3 and nine months FY2024 Earnings Conference Call. Along with me on this call I have Mr. Deepak Jain –Director, Mr. Sanjay Mehta – Director & Lumax Group CFO, Mr. Vikas Marwah –CEO of the company, Mr. Naval Khanna – Corporate Head Taxation, Mr. Ashish Dubey – CFO of the company, Ms. Priyanka Sharma from Corporate Communications, Mr. Ankit Thakral from Corporate Finance, and 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. I would like to begin by giving some insights into the Indian economy followed by the performance of the automotive industry in the quarter gone by and lastly a few important updates on your company.

India has seen a host of reforms post COVID that has accelerated the pace of growth of our economy. While the rest of the world economy is still recovering from the pandemic India is racing ahead thanks to peak manufacturing, strong demand, and increased capex in the public and private sectors which have raised GDP growth to approximately 7%. However, challenges such as inflation and global uncertainty persist and any adverse geopolitical action can impact the country's growth momentum. Speaking of the performance of the automotive industry for the quarter the quarter gone by has witnessed robust growth on the back of festive and marriage season as well as demand recovery in rural India. The robust expansion of passenger vehicles is driven by increasing disposable incomes and the availability of convenient financing options. Notably the premium SUV sector has witnessed noteworthy demand in 2023 contributing significantly to the overall growth in the passenger vehicle sales. Looking into the future the positive momentum is expected to continue into 2024 and beyond propelled by ongoing model launches, expanding market reach in rural India and an overall rise in per capita income.

Now let us talk about the two wheelers which also saw a remarkable upturn in sales this quarter thanks to the festive period from Navratri to Diwali. Moreover, the escalating demands for mid and high-end two wheelers suggest significant growth opportunities for component solution providers like us. There have been significant advancements in the electric vehicle two-wheeler markets with both new and established players venturing into this space. It is envisaged that this segment will gain traction in the next year and offer significant advantages to component manufacturers. Commercial vehicles experience a subdued quarter with respect to Q2 primarily due to price hikes from emission regulations and seasonal factors coming into play. Moreover, construction activities were halted in several regions across the country due to increased pollution levels further impacting growth in the sector. Similarly, the tractor segment also witnessed a relatively stagnant quarter. EVs are seeing good acceptance across the country on account of multiple EV launches by OEMs, increasing consumer awareness for green mobility solutions and a push from government for the sector with subsidies. However, despite this positive momentum we acknowledge that the EV sector is still in its early stages of development for passenger vehicles facing challenges such as inadequate charging infrastructure and limited domestic battery manufacturing capabilities. The widespread adoption of EVs on a larger scale hinges upon the improvement of charging infrastructure and the reduction of costs associated with EV ownership. As is its critical aspects continue to evolve and improve we anticipate a further acceleration in the adoption of EVs across the country paving the way for a more sustainable future in mobility.

Coming to the auto ancillary sector the increasing premiumization across passenger vehicles as well as two wheelers require high technology components boasting a significant opportunity for leading auto ancillary players like us to increase the content per vehicle, along with this the sector is experiencing tailwinds led by increased focus on safety with the introduction of Bharat NCAP and changing emission norms. Looking ahead with multiple launches planned by OEMs particularly in the EV space we are confident in our ability not only to secure orders from leading OEMs but also to expand our product and customer portfolio. Leveraging our decades old partnerships with global leaders we are well positioned to indigenously design, develop and manufacture high technology components further strengthening our competitive advantage in the market.

Coming to Lumax Auto Technologies I would like to give you an update that we have expanded our operations by opening a new facility in Chakan, Pune for Lumax Cornaglia Auto Technologies. The facility is equipped with state-of-the-art precision European machinery to ensure top-notch production quality and productivity. It boasts of a diverse product range including air filter systems, snorkel, and various blow molded products such as urea tanks and expansion or coolant tanks. Notably this plant represents a significant milestone as it will be the first to manufacture plastic fuel tanks for commercial vehicles. With this new facility Lumax Cornaglia will enhance its current production capacity by almost 40% in a phase wise expansion. Additionally with an aim to boost our aftermarket presence we have forged a strategic partnership with Germany's Bluechem group a leader in innovative automotive car care solutions to offer Indian consumers world class automotive care products spanning from preventive and maintenance solutions, additives, car and bike care, diagnostic software and tools. A large network and the extensive experience of Bluechem group put us in an advantageous position to cater to the high-quality automotive care solution that will enhance customer satisfaction and reliability in the Indian market.

Coming on the entity wise performance the standalone entity caters to integrated plastic modules, the aftermarket business, chassis and swing arm for two wheelers, trailing arm for three wheelers under the metallic business and two-wheeler lighting. The standalone entity has contributed 47% of the total consolidated revenues for nine months FY2024. The Pantnagar plant of the company won the prestigious JIPM-TPM special award in the month of February 2024 being now the first supplier of Bajaj Auto supplier cluster to achieve this milestone. IAC India the recently acquired 75% subsidiary which is a Tier-1 interior systems and components supplier to key automotive OEMs in the country including Mahindra &Mahindra, Maruti Suzuki, Volkswagen India, and Volvo Eicher Commercial Vehicles. The entity has contributed 32% of the total consolidated revenues for nine months FY2024. IAC management team along with Lumax will certainly continue to drive the business growth forward. The Board of Directors of IAC India has approved the scheme of merger with its holding company Live on August 4, 2023, with effect from the appointed date of March 10, 2023. Further the scheme has been filed with the Honourable NCLT Mumbai bench on August 28, 2023, which is pending for approval. Lumax Mannoh Allied Technologies the 55% subsidiary which manufactures manual, AMT and automatic gear shifter systems and has the market leadership position contributed 13% to the total consolidated revenue. Export business of automatic gear shifters for a global platform is on track and is performing well. We are also working in tandem with the joint venture partner to increase our reach to newer market. The company is sitting on an order book of approximately Rs.50 Crores. Lumax Cornaglia Auto Technologies the 50% subsidiary manufacturing air intake systems and urea tank commanding 100% share of business with Volkswagen and Tata Motors contributed 6% to the consolidated revenue, this joint venture holds a strong order book of over 70 Crores and keeping in mind the same the company's new facility has commenced its operations in Q4. Lumax Ituran Telematics Private Limited has successfully commenced supply of 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 addition of a new range of products. Lumax Alps Alpine India Private

Limited a 50% subsidiary for the manufacturing and sale of electric devices and components including software related to the automotive industry contributed 1% to the total consolidated revenues. This joint venture holds a strong order book of more than 100 Crores. During the quarter the Board of Directors of the company has considered and approved the acquisition of Lumax Ancillary Limited by acquiring the entire equity share capital accordingly Lumax Ancillaries has become wholly owned subsidiary of the company with effect from January 25, 2024. Lastly on the order book front the company has a healthy order book of approximately 1100 Crores out of which almost more than 90% is new business and EV contribution is approximately 40% of the total order book. Now I would like to hand it over to Mr. Sanjay Mehta, the 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 Q3 and 9 months FY2024. For nine months FY2024 integrated plastic modules contributed 48% to overall revenue followed by Aftermarket at 14%, gear shifter at 13%, Fabrication at 8%, Emission at 6%, Lighting products at 5% and others at 6%. Passenger vehicles contributed 47% of the overall revenue, two and three wheelers at 24%, after market at 14% CVs at 9% and others at 6% for nine months FY2024. For more detailed operational highlights one can refer our investor presentation uploaded on the exchanges and company's website. With respect to financial highlights the consolidated revenue for Q3 and nine months stood at Rs.732 and 2064 Crores respectively up by 65% and 52% respectively year-on-year. The main reason for the same is consolidation of revenue from IAC India which stood at Rs.246 Crores and 665 Crores for Q3 and nine months respectively. EBITDA margins stand at 15.8% for Q3 as against 12.2% for Q3 FY2023 up by 360 BPS. The EBITDA margin for nine months is at 14.7% which is up by 270 BPS for nine months FY2023. IAC EBITDA for nine months FY2024 is 131 Crores at 19.7%. PAT after minority interest for nine months stood at 86 Crores as compared to 74 Crores in nine months last year. PAT margins stood at 4.2% for nine months as against 5.5% in FY2023. The lower PAT margin with respect to last year is because of higher interest cost on account of long-term debt of Rs.375 Crores and high depreciation of intangible assets on account of acquisition of IAC India. The net debt as on December 31, 2023, is 91 Crores. The capex incurred during nine months is 78 Crores which includes 31 Crores on account of leasehold assets. The actual capex outlay is 47 Crores. The full year estimate is around 90 to 100 Crores excluding any leasehold assets, which are slightly down from the earlier capex guidance of 110 to 120 Crores. With this we open the floor for questions.

**Moderator**: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nisarg Vakharia from NV Alpha Fund Management LLP. Please go ahead.

**Nisarg Vakharia**: Yes good afternoon everyone. I had two specific questions. The first was that what sort of visibility do you have for the various subsidiaries that we have and what should be their contribution for next year so Lumax Ituran, Lumax JOPP, Lumax YOKOWO number one, number two what are the plans for Lumax Alpine for FY2025, we are at I think some 30-35 Crores of revenue for this year, what sort of revenue visibility you have for next year? Thank you so much.

**Anmol Jain**: Thank you so number one for your first question I think all the joint ventures put together in the current year are about close to 20% of the consolidated revenues, of course the larger pie comes from the Lumax Mannoh and Lumax Cornaglia and there is some minuscule contribution from the rest of the joint ventures. As far as the order book goes as I mentioned about more than 100 Crores of the order book is sitting on Alps even the Lumax JOPP and Lumax Ituran are sitting at some order book of about 30 Crores, 35 Crores each so we are definitely bullish on the prospects of certain joint ventures like Lumax YOKOWO, Lumax Ituran and of course Lumax Alps apart from Lumax Cornaglia and Lumax Mannoh which are the more established joint ventures. Giving FY2025 specifically I think while we will see the total contribution from joint ventures to remain approximately around the same vicinity of 20 to 25% of the consolidated revenues but in absolute amount we do expect it to grow by about 20 to 25% in revenue terms on a year-on-year basis because there are some strong orders which will get into production in FY2025.

**Nisarg Vakharia**: Last question we have a reasonably strong balance sheet but there are some inefficiencies in the amount of interest expense that we have versus the other income that we make on the cash, now I understand that you had extremely strategic and fantastic acquisition IAC; however, can this sort of inefficiency be rectified next year?

**Sanjay Mehta**: The debt which we have taken for IAC it is in the lock-in period for 18 months so after expiry of that period certainly we will look into that.

**Nisarg Vakharia**: Thank you so much for answering my questions and all the very best.

**Moderator**: Thank you. Next question is from the line of Abhishek from Dolat Capital. Please go ahead.

**Abhishek Jain**: Thanks for opportunity and congrats for a strong set of numbers. Sir this year IAC India their revenue growth is very impressive and margin is very much strong around 19% so will this acceleration will continue especially on the margin side?

**Anmol Jain**: So I think IAC India of course since it is the first year of consolidation you are seeing a very strong set of let us say growth for the overall company. On a consolidated basis approximately one third of the revenues come from IAC India. We have a strong order book out of the 1100 Crores almost more than 55% of the revenue is of IAC India from an order book standpoint, so going forward I expect the contribution on revenue side of IAC to continue in the same vicinity of about 30 to 35% and in terms of the margins I think a sustained margins of IAC would be probably close to around the 18% EBITDA. There were a few let us say extraordinary incomes, one timers for the Q3 so the number you look at for Q3 specifically of about close to 20% plus is a little bit of abnormality but I think on a regularized basis yes the margins of 18-19% should continue.

**Abhishek Jain**: In this quarter EBITDA margin stood at 14.5% this is excluding the other income so this margin will continue to be higher because of the higher revenue contribution from IAC?

**Anmol Jain**: I think for both reasons number one as I mentioned I would not say higher contribution the contribution as I mentioned before from IAC will continue to be steady; however, there will also be a growth on the joint ventures and also the standalone from the aftermarket perspective so all those also the growth which is in the joint ventures is coming at a much better margin than the current performance of the joint ventures so the margins will definitely get better not just because of IAC operating at a higher margin but also significant portion of the order book of the joint ventures coming at a better margin than what they are operating at presently.

**Abhishek Jain**: You are putting a new plant for the air intake system so what kind of the incremental revenue will come from this plant and when it will start to kick in revenue?

**Vikas Marwah**: So we have commissioned new plant as you are aware at Pune this is for the Lumax Cornaglia joint venture that went live last week this is intended to add 40% additional capacity from our current capability and our machine capacities over the next 12 to 18 months but you can safely assume at least Rs.40 Crores upside in terms of revenue that will accrue to us in FY2025 alone.

**Abhishek Jain**: In this quarter tax rate was high, tax rate is around right now it is 30% so what would be the effective tax rate for FY2025?

**Sanjay Mehta**: So actually we are just waiting for the merger of IAC also so whatever the intangible assets is there we will get that better tax deduction and also the auditor has taken the view of some kind of that joint venture loss they have taken as it is without keeping mind in the future recoverability so way forward the tax would be almost around 25 to 26%.

**Abhishek Jain**: Depreciation rate is very high because of the intangible asset in the IAC India so when will it start to come down?

**Sanjay Mehta**: In fact the intangible assets we have created on the acquisition that will depreciate in the period of 5 to 10 years so we are getting that after the merger the tax efficiency will be there, so tax we are getting almost benefit of 53 Crores approximately in the period of 10 years. The depreciation will remain slightly higher for next five to seven years.

**Abhishek Jain**: What is this intangible asset?

**Sanjay Mehta**: Almost 213 Crores.

**Abhishek Jain**: For what Sir is it goodwill or is it software?

**Sanjay Mehta**: Goodwill there is no depreciation, of course the goodwill is there but there are three type of one is that customer connect assets and the technology then one more asset created, three types of intangible assets that we create, it is customer relation for instance.

**Abhishek Jain**: Thank you Sir. That is all from my side.

**Moderator**: Thank you. Next question is from the line of Resham Jain from DSP Asset Managers. Please go ahead.

**Resham Jain**: Good afternoon team and many congratulations on solid performance. Sir my question is on growth this year has been very strong led by acquisition but if I look at the base business ex-IAC the growth is maybe slightly slower so overall let us say going forward how should one think about let us say the growth between the two businesses, the IAC growth and the growth in the base business which we used to have that is my first question?

**Anmol Jain**: Thank you so you are absolutely right. I think if we remove IAC the growth is kind of similar to the industry growth for the nine months period so we have not outperformed the industry but it is pretty much in line with the industry without IAC. Of course the solid 52% revenue growth for nine months is majorly contributed because of the IAC. I think going forward number one the revenue forecast for let us say FY2025 we do anticipate that we will fare much better than the industry A because of the diversity of the products and also we are on various models, the new model introductions, so in terms of guidance I would say that we should be growing probably anywhere around 20% plus on a topline for the next full financial year. Growth in all the three buckets, the standalone, the joint ventures as well as IAC is expected to be in similar vicinity. I would assume that IAC would still continue to grow at about 15% year-on-year basis on a revenue and on the joint ventures and standalone I think the growth would be definitely a lot better because of the orders in hand and also probably because this year was not a significant growth year so a lot of this growth will kick in the next year from a revenue perspective, so overall yes we should be looking at a 20% consolidated revenue growth in FY2025.

**Resham Jain**: Understood and IAC merger you have acquired 75%, 25% is what will get merged right so there will be some dilution because of the same is that understanding correct?

**Anmol Jain**: No I do not think that understanding is correct.

**Sanjay Mehta:** So IAC is getting merged with the parent company of Live so then it will become a wholly owned subsidiary of LATL.

**Resham Jain**: Understood so 75% still remains. Okay got it.

**Anmol Jain**: The 25% will continue to be held by the foreign partner.

**Resham Jain**: Understood and Sir just one more thing given that IAC and some of these JVs have a better margin than the standalone business so what should be the company level margin one should expect let us say going forward next two three years?

**Anmol Jain**: I think at a company level if you see that obviously I already mentioned the sustainable EBITDA margin on IAC would be let us say closer to around 18% odd which would be on a sustainable basis. If you see the other consolidated standalone and joint ventures we are already operating at close to around 12.5%. I do expect that next year this should definitely jump and get into the teen margins as I have always envisaged and I think the IAC will also continue to be in the similar vicinity so from a 14.5% EBITDA which currently the consolidated entity is looking at I would definitely feel that this should inch more towards 15% plus.

**Resham Jain**: Understood Sir one last one on IAC so when we took over the business we had Mahindra & Mahindra is the only customer and we said that we will mine more customers over a period of time so how is the progress happening on that front because Mahindra is number third - fourth player and you already have relationship with some of the larger ones, also from let us say three five years perspective how should you look at this business given you are not present with some of the larger customer there?

**Anmol Jain**: I think number one there is a correction. Mahindra & Mahindra is not the only customer Mahindra is the largest customer. IAC continues to enjoy an existing relationship with other OEMs namely Maruti Suzuki, Volkswagen as well as Volvo Eicher. Just for your consumption I think IAC did revenue of over 50 Crores with Maruti Suzuki for the nine months of this current fiscal. The objective here was that we will take IAC and expand our relationships for IAC with the other OEMs. We will probably definitely grow our wallet share in Maruti Suzuki and also try and get business from other OEMs with which IAC does not have a current ongoing relationship and that is where the Lumax management or the Lumax advantage has come into play so we are working with Tata Motors very closely. I do hope that in the subsequent quarters we should be able to share some positive news on other OEMs development and traction.

**Resham Jain**: Understood. Great Sir. Thank you very much and all the best.

**Moderator**: Thank you. Next question is from the line of Amit Hiranandani from SMIFS Limited. Please go ahead.

**Amit Hiranandani**: Sir my first question is basically on the IAC you said there is some one-off income in this quarter can you please quantify that and what is that one-off?

**Anmol Jain**: When I say one-off income it is a regular operational income but it is more pertaining to the previous quarters as a price increase because there are one or two quarter lag but that amount is not significant it is I think only about 3 Crores or so.

**Amit Hiranandani**: Sir on the standalone margins were pretty much impressive this time so can you please guide what is the sustainable run rate we can assume?

**Anmol Jain**: So I think as I mentioned if you look at standalone as well as the joint ventures let us say without the IAC piece we are currently sitting at almost close between 12.5 to 13% margin and definitely the endeavor would be because we are gaining a lot of the new order books it is coming at a better margin than what we have traditionally performed in some of the joint ventures and also if you see we had a pretty flattish revenue in the standalone entity for the current fiscal and we are expecting a double digit growth in the standalone entity even going forward in the next fiscal so there will be definitely cost optimization of fixed cost and better realization so for those reasons I would envisage that we should be operating at anything around teen EBITDA margins for the entity without IAC. So 13 to 14% would be my best guidance from a sustainable EBITDA margin for the entity without IAC.

**Amit Hiranandani**: Sir can you just help me with the revenue and EBITDA numbers for all your subsidiaries for 9M?

**Anmol Jain**: So can we share these numbers offline with you because this would be a long thing but if I were to just give you a breakdown 50% of the consolidated revenues approximately comes from the standalone entity I think 47% to be more precise and about 32-33% is from IAC and about 20% is from joint ventures. This is the nine-month actual data in terms of the contribution of the total pie. The standalone has had almost flat growth or a negative 2 to 3% growth in nine months. The joint ventures have actually grown by 25% and of course IAC was a new piece so that added to the revenue. In terms of EBITDA margins I think we have already spoken about the sustainable EBITDA margins for IAC as well as the joint ventures and standalone business so on a consolidated basis if you look at the current year on a full year we are expecting maybe a growth compared to last year of almost 50% which is seen in nine months so you are looking at anywhere around 2750 to 2800 Crores of topline and probably 400 Crores plus EBITDA at the full year consolidated level.

**Amit Hiranandani**: I will take the exact number offline no issues. Sir one question on the order book if you can share it on the subsidiary wise if you can share IAC, Mannoh, Cornaglia, and other six subsidiaries?

**Anmol Jain**: Sure so out of the 1100 Crores about 60% or about 600 to 650 Crores is IAC, about 300 odd Crores is all the joint ventures out of which the major ones are about 110 Crores in Lumax Alps Alpine, Lumax Cornaglia it is sitting at almost about 70 Crores, Lumax Mannoh is sitting at about 50-55 Crores and then you have Lumax Ituran and Lumax JOPP both sitting at around 30-35 Crores each. That is the bulk of the orders for the joint ventures and then apart from that we have about 150 Crores of order book for the standalone entity largely coming from Bajaj Auto for their new EV model.

**Amit Hiranandani**: Sir if you can also give guidance on the order execution especially for Alps Alpine, JOPP, Ituran and subsidiaries?

**Anmol Jain**: So out of the 1100 I would say around 50% of the total order book will come into FY2025 revenue and approximately 30% of it would come into FY2026.

**Amit Hiranandani**: Sir we were planning to enter into EV products as well so any update on this thing, new JV or something?

**Anmol Jain**: Yes definitely. Out of the total order book almost 40% is coming from EV. EV both in passenger vehicles as well as EV in two wheelers, as I already mentioned we are already secured some orders for the Born Electric Vehicles of Mahindra & Mahindra as well as the new variants of electric platforms of Bajaj Auto.

**Amit Hiranandani**: Specifically the EV specific product like BMS controllers and etc., so we were planning to enter to do those products as well right?

**Anmol Jain**: So we are still on the drawing board on that. We have still not firmed up a clear strategy onto the EV but I do believe that there are many more opportunities which are on alternative fuels and alternative technologies than EV which could be of more interest and gain more traction so we are still evaluating on that.

**Amit Hiranandani**: Just one last question if you can throw some light on the capex side for the next three years please a broad number would be fine?

**Anmol Jain**: So we are looking at approximately 400 odd Crores in the next let us say give or take three years to get this order book of around 1100 Crores and this to give you a feel. Asset turnover ratio today is at about 1:2.5 and I think that is only going to improve going forward.

**Amit Hiranandani**: All the best. Thank you so much.

**Moderator**: Thank you. Next question is from the line of Apurva Mehta from AM Investments. Please go ahead.

**Apurva Mehta**: Yes sir congratulations on great set of numbers. My question was on the aftermarket side we have seen some tough kind of growth we were expecting and doubling the turnover in next three to four years we are going slow on that side any specific reason on that front?

**Anmol Jain**: If you look at nine months of the current fiscal aftermarket has grown by about 7% the reason is primarily that we do see realizations becoming a slight challenge in aftermarket so just to have a more prudent cash flow management we are not pushing the sales forward and we are making sure that the realization remains intact; however, having said that I think we are still very bullish that in Q4 we should be able to do a better growth and for the full year we should still be able to report a double digit growth for the aftermarket division but the guidance of the two to three years horizon remains intact with new partnerships which we recently entered into with Germany's Bluechem as well as a new product development portfolio. We are very confident that we will continue that momentum of doubling our aftermarket revenues in three to four years and I think we are entering the second year in FY2025.

**Apurva Mehta**: On the Bajaj side can you throw some light what kind of visibility we have for next year because Bajaj the export is still not picking up so we have any visibility where we can have other models where we can have some kind of revenue growth coming from there?

**Anmol Jain**: Let us understand the two reasons why we have not done extremely well or we have not grown with Bajaj Auto so significantly rather we have had a degrowth in Bajaj Auto from a nine month perspective is largely because of the frames business and let us understand in the frames our dependence on two or three models like the Platina and the CT which are mostly on the export and let us say certain domestic is very high and both these models have had a negative volume of almost 15% and 40% respectively so that is the reason there is a bit of an anomaly as far as our revenues with Bajaj goes versus Bajaj's own performance goes. We have recently gone into the KTM, we have got the KTM Duke model chassis, we are also now as I mentioned confirmed for one of the EV variants going forward, we are also adding more value than rather than just being a fabrication and a frame maker we are also doing a lot of painting and coating so it will also increase our content for vehicle and of course we are still in dialogue but we are hopeful that going forward we may come on the Pulsar platform as well.

**Apurva Mehta**: Great and Sir this margins of 15.8% which was unbelievable margin and congratulations to you on the team of Lumax but on the steady state going forward can we assume as a 15% kind of margin for next year?

**Anmol Jain**: Yes I think definitely that margin should be sustainable both from IAC perspective as well as from the standalone and the joint ventures perspective so yes a consolidated margin of 15% EBITDA should definitely be something which should be sustainable in FY2025.

**Apurva Mehta**: Can you throw some light on Lumax Ancillary who are the clients and what kind of revenue we can visualize for next year and kind of margins in that?

**Anmol Jain**: So Lumax Ancillary currently is more of a wiring supplier as a backward integration to the lighting business of Lumax industry that is largely the current business model. However we are looking at possibly growing this business not just internally as a captive backward integration but also to OEMs. I think the revenue pie is approximately close to 150 Crores on an annual basis and we do expect this to continue to grow in FY2025 as well based on two things one is the organic volume growth, number two is based on certain customer expansions and number three is also because of the technological change, as more and more LED applications come into lighting, the value per wiring harness assembly also goes up so for those reasons we do expect this to continue the upside in terms of the revenue growth going forward.

**Apurva Mehta**: What kind of EBITDA margin could they have because wiring harness is a low margin business?

**Anmol Jain**: Right now it is still too early for us to give you a guidance because this business is something which we have just gotten into but I think for now it is still operating in single digit EBITDA margins and once we look at it closely we will definitely try and bring this back up to a similar maybe a double-digit margin or so going forward.

**Apurva Mehta**: When are you telling us that you will have a 20% growth next year so we have taken into account Lumax Ancillary also or we have not just taken?

**Anmol Jain**: We have taken that into consideration as well.

**Apurva Mehta**: Because that will contribute around 175 to 200 Crores?

**Anmol Jain**: No about 150. We have taken 150 as a conservative figure for next year so 150 even if you take out you will still be looking at maybe around 17% growth without the Lumax Ancillary so it is not adding significantly on 3000 Crores if you look at even 150 Crores so that is literally about 5%.

**Apurva Mehta**: Thanks a lot and wish you all the best.

**Moderator**: Thank you. Next question is from the line of Karan Mehra from Mehta Investments. Please go ahead.

**Karan Mehra**: Thank you for the opportunity. A couple of questions. Sir we recently started a new facility for LCAT so basically we are shifting to a bigger facility now if you can help us understand like when can we see the complete shift happening from the older facility to the newer one and will any business be affected during this transition?

**Vikas Marwah**: So KaranJi we have already migrated 100% from the earlier facility which was a 30,000 square feet to 225000 square feet facility. The old plant has been vacated which is at a vicinity of Just 2 kilometers and therefore there is no further migration that is happening. We will be now going up on the capacity utilization over the next three months so Pune is now operating out of one facility for LCAT and one facility out of Pantnagar.

**Karan Mehra**: Sure that answers my question. Thank you.

**Moderator**: Thank you. Next question is from the line of Pritesh Chheda from Lucky Investments. Please go ahead.

**Pritesh Chheda:** Sir I missed the taxation part so after this amortization which you are taking goodwill what is the taxation that you would incur?

**Sanjay Mehta**: It will come in 22 plus surcharge, etc.

**Pritesh Chheda:** The minority interest that we see so IAC is 75% owned by us that is where the minority is rising?

**Sanjay Mehta**: Yes 25% is the minority.

**Pritesh Chheda:** Can you share what are the net margins for IAC, for the nine months if you could share the PAT and the topline number?

**Anmol Jain**: So the top line number was very clear I think I mentioned that. The top line of IAC for the nine months is about 665 Crores. In terms of the PAT margin is about double digits again it is higher than about 10%. I think it's around close to 10.5 to 11% for nine months.

**Pritesh Chheda:** Thank you.

**Moderator**: Thank you. Next question is from the line of Dinesh Kulkarni from RDST. Please go ahead.

**Dinesh Kulkarni**: Thanks for taking my question. My question is I see we do not have a significant debt on our balance sheet and it is very manageable and even the capex seems to be in normal range do we plan to increase our stake in any of the joint ventures or subsidiaries with the cash which we expect to generate over the next three four years that is my question?

**Anmol Jain**: No we are very comfortable with the current arrangement with all our joint venture partners so we do not anticipate any increase in the shareholding between us and the joint venture partners. I think the reason why there is no debt is because there is surplus cash and the free cash which the company's operations generate and that cash is redeployed in terms of the capex so there is no need for any external borrowings for now.

**Dinesh Kulkarni**: That is my question. Thank you.

**Moderator**: Thank you. Next question is from the line of Pritesh Chheda from Lucky Investments. Please go ahead.

**Pritesh Chheda:** Yes Sir just a followup there. Will we see repayment of the borrowings in the next cycle?

**Sanjay Mehta**: It will start from the next year and it is a period of four to five years we are anticipating though it is a five-year term but looking to the cash flow available we will take decision that time.

**Pritesh Chheda:** What would be your cash generation in nine months the operating cash flow?

**Anmol Jain**: You are talking about IAC specifically or you talking about as a consolidated entity?

**Pritesh Chheda:** As a consolidated entity so on 300 Crores EBITDA what is the cash flow you have generated.

**Anmol Jain**: It would differ entity-to-entity because 300 is a consolidated level so we will have to address you offline.

**Pritesh Chheda:** No problem Sir. Thank you very much.

**Moderator**: Thank you. Next question is from the line of Amit Hiranandani from SMIFS Limited. Please go ahead.

**Amit Hiranandani**: Sir just on the gross debt side if you can just let me know the gross debt including the working capital and the cash position?

**Sanjay Mehta**: It is gross debt including working capital is around 600 Crores and we are having the bank balance of almost around 318 Crores out of that gross debt long-term is around 410 Crores and the working capital is around 193.

**Amit Hiranandani**: The next question on the Lumax Ancillary Limited so you said the EBITDA margin is about single digit and the revenue is about 150 Crores annually so Q4 would be effectively on a consolidated level the EBITDA margin would little bit come down because of this merger or acquisition of Lumax Ancillary?

**Anmol Jain**: Well again there would be certain improvement on the other businesses as well so I would not say because again on a quarter basis it is just about 35 to 40 Crores of revenue which is not so significant for the consolidated entity so the other businesses are expected to also show a positive momentum in Q4 so a lot of that would get offset and perform better and that is why I said at a consolidated level the margins would be able to sustain going forward as well from the current levels so I do not anticipate LAL lower EBITDA margin to have any major impact on the consolidated revenues or profits.

**Amit Hiranandani**: Correct and Sir I was just checking annual report so we are paying a royalty to Lumax Industries limited so can you please help me in understanding this part please?

**Sanjay Mehta**: We are not paying any royalty to Lumax Industries. We are paying service charges to Lumax Management Services and also to the Mannoh.

**Anmol Jain**: Lumax Industries the one royalty angle we are paying is the royalty we pay for the supplies of Mahindra & Mahindra items to the aftermarket so we have a very clear arrangement with Mahindra & Mahindra as an OEM. Usually a lot of the OEMs prohibit us from selling in the open aftermarket by ourselves but for Mahindra & Mahindra we were able to make some arrangement that whatever revenues we garner from the aftermarket there would be a percentage royalty paid to Mahindra & Mahindra and since Mahindra & Mahindra lighting is handled by Lumax Industries it is more of Lumax Technologies based Lumax Industries and then Lumax Industries pays it to Mahindra &d Mahindra directly so that is the only nature of royalty which is there between Lumax Technologies and Lumax Industries.

**Amit Hiranandani**: Correct very clear. Just last one question so Sir on the emerging JVs what we have Alpine, and etc., so with JVs can turn profitability faster and by when you can see this happening?

**Vikash Marwah:** So the positive trend has started in fact from Q4 only of the current financial year. Lumax Ituran will be reporting positive EBITDA in Q4. For next year Lumax Alps Alpine and Lumax Ituran both will be profitable and our endeavor will be to get Lumax YOKOWO and Lumax JOPP also coming in with a double digit PBT figure by FY2026 this is on the basis of the order book that we have currently in hand and the next 6 to 12 months for the other two joint ventures there will still be the development time.

**Amit Hiranandani**: Very helpful. Thank you so much. All the best.

**Moderator:** Thank you. Ladies and gentlemen that was the last question of the day. I now hand the conference over to management for closing comments.

**Anmol Jain**: Well I take this opportunity to thank everyone for joining into the call today. We will keep informing the investor community on a regular basis for updates on your company. I hope we have been able to address all your queries. For any further information please get in touch with us or strategic growth advisors our investor relations advisors. Thank you once again and have a good evening.

**Moderator:** Thank you. On behalf of Lumax Auto Technologies Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.