



“Lumax Industries Limited Q4 FY-24 Earnings Conference Call”

May 30, 2024

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- MR. RAVI TELTIA – CFO.**
- MR. SANJAY MEHTA – GROUP CFO.**
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- MR. ANKIT THAKRAL – CORPORATE FINANCE**



*Lumax Industries Limited
May 30, 2024*

Moderator: Ladies and gentlemen, welcome to the Q4 and FY24 Earnings Conference Call of Lumax Industries Limited.

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I now hand the conference over to Mr. Deepak Jain – Chairman and Managing Director of Lumax Industries Limited. Thank you and over to you sir.

Anmol Jain: Thank you. And there is one correction. Mr. Deepak Jain is unable to join this call. So, this is Anmol Jain, the Joint Managing Director of Lumax Industries Limited. Thank you very much and a very good morning to all of you. I hope everyone is doing well.

Along with me on this Call today I have Mr. Vishnu Johri – the CEO; Mr. Ravi Teltia – the CFO; Mr. Sanjay Mehta – the Group CFO; Mr. Raju Ketkale – The Group Head (Manufacturing & Corporate Planning); Mr. Naval Khanna – Corporate Head of Taxation; Ms. Priyanka Sharma – Head (Corporate Communications); along with Mr. Ankit Thakral from Corporate Finance; and SGA, our Investor Relations Advisor.



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The Results and Investor Presentations are uploaded on the Stock Exchange and the Company's website. I do hope everybody has had an opportunity to go through the same. The global economy, with a few exceptions has experienced a steady rebound in FY24 and is expected to continue this synchronized recovery in FY25 as major uncertainties and conflicts subside. Domestically, India is witnessing robust consumer demand across all sectors, with manufacturing reaching new heights due to the government's push for Make in India initiative and the global perception of India as a viable alternative to China. Anticipated rate cuts in the second half of the year are expected to improve capital flows, boost private investment and lead to a rebound in exports. However, inflation concerns do persist, which we believe may ease only in the latter half of the year, provided there are no unexpected increases in oil or food prices.

Overall, the economic outlook remains positive with political stability and significant growth opportunities on the horizon. The economic outlook remains positive for the automobile industry, which is witnessing a structural shift in consumer perception, as demand for premium variants continues to increase. Talking about the performance of the industry, passenger vehicle, which formed a large part of our revenues saw a remarkable growth in FY24, with production standing at 4.9 million units, which was a historic high and an increase of 7%. according to data by SIAM.

The sales in passenger vehicles are witnessing a shift from sedans and hatchbacks to more SUVs, which formed around 60% of the total passenger vehicle sales. Two wheelers, which again are an important part of our business witnessed a strong recovery in the latter half of the

year, with production standing at 22 million units growing by 10% in FY24, according to SIAM.

Commercial vehicles ended on a flat note, owing to demand uncertainties and a bit of slowdown in the private sector CAPEX, but we expect the post-election the segment to pick up on the account of government spending. In FY25, we do expect the growth momentum in passenger vehicles to moderate giving a high pay and capacity constraints across OEMs. But two-wheelers will continue to grow on the back of multiple high-end model launches by OEMs. Rural demand, which was muted for the year, is also expected to rebound and will contribute to drive the growth ahead.

Coming to the automotive lighting industry:

We are witnessing a significant shift from traditional halogen lighting to modern LED lighting. While front lighting plays a crucial role in enhancing driver visibility, helping driver detect uneven road surfaces, other moving vehicles, pedestrians and various road hazards. Rare lighting has become a bold style and signature element of vehicles with end-to-end styling and animation features. The industry holds substantial growth potential driven by the development and adoption of advanced technologies aimed at improving safety standards. LED lighting is expected to become increasingly popular due to its lower energy consumption and higher power output compared to halogen lights. Additionally, LEDs often featured sleek and stylish designs that add a touch of sophistication to a vehicle's appearance, attractiveness and contemporary look. Reflecting this trend, our current order book stands at almost 88% LED lighting.



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Reflecting on the performance of Lumax Industries, we are happy to achieve our double-digit growth and report the highest ever revenues for the year ended FY24 standing at Rs.2637 crores and the highest ever EBITDA at Rs.242 crores. This growth is on the back of strong industrial tailwinds, shift in business from halogen to LED and strong order wins especially in certain key models. Lumax Industries continues to be the preferred partner for major OEMs in the country, owing to our expertise in designing, developing and manufacturing comprehensive automotive lighting solutions for a wider range of automotive segments in India.

During the year, we inaugurated Phase-1 of the new Chakan plant, which is witnessing strong capacity utilization quarter-on-quarter driven by robust order flows, and we are confident of a faster ramp up in the coming months. In addition to this, we have also announced the Phase-2 expansion for the Chakan facility. This expansion is set to be commissioned by Quarter 4 of FY25 and will significantly increase our production capabilities and capacities allowing us to cater to a broader range of client requirements and take on future models.

Further, we are establishing a new manufacturing facility in Sanand, Gujarat to cater to strong demand for advanced lighting solutions from certain OEM partners. We are overall confident that we will outpace industry growth and achieve our targeted growth rate with strong operating margins in the coming years. This optimism is based on increasing efficiencies and the planned ramp up of our operation at both Chakan and Gujarat facilities. By enhancing our production capabilities and streamlining our processes, we are well positioned to capitalize on certain market opportunities and deliver a superior performance going forward. As a leading automotive lighting solutions

provider. Our dedication lies in providing the latest technologies in our products at competitive prices with a forward-looking vision aimed at fostering sustainable growth. Our state-of-the-art manufacturing facilities, combined with our unwavering focus on R&D with our strength of over 500 engineers to position us at the forefront of the industry. As we continue to innovate and expand, we remain dedicated to delivering exceptional value to our partners and stakeholders.

During Quarter 4 FY24 we have launched the lighting system for the new Swift model of Maruti Suzuki, which was recently launched and the Jawa motorcycle of Mahindra and Mahindra. We also won orders from Maruti Suzuki for a spotlamp on the Grand Vitara model.

I now hand it over to Mr. Ravi Teltia – CFO of Lumax Industries to give some Financial Updates.

Ravi Teltia:

Good morning, everyone. I will take you through Operational and Financial Performance.

For FY24 the share of LED lighting stands at 39% and conventional lighting at 61%. With respect to segment mix for FY24 as a percentage of revenue is 68% from passenger vehicle, 27% from two wheelers and 6% from commercial vehicle.

With respect to products mix for FY24 as a percentage of total revenue 66% of revenue is from front lighting, 25% from rear lighting and 9% from others.

Talking about the Financial Performance:

I am delighted to share that in Q4 FY24 our Company has continued its strong performance with a quarterly revenue standing at Rs.743 crore

depicting a growth of 22% on a year-on-year basis. Revenue for FY24 stood at Rs.2637 crores growing at 14% with a margin of 9.2%. Revenue for Quarter 4 FY24 for our manufacturing business grew by 26% and molds revenue witness a de-growth on account of deferment of the molds to FY25.

The Company reported consolidated EBITDA of Rs.71 crore, with a margin of 9.6% in Q4 FY24 as against Rs.53.4 crore in Q4 FY23 a growth of 33%. PBT before exceptional expenses and share of associate is Rs.30 crore in Q4 FY24 versus Rs.24 crore in our corresponding quarter last year.

The profit after tax stood at Rs.36.1 crores for Q4 FY24 versus Rs.21 crore in Q4 FY23. The effective tax rate for the Company is 39.8% for FY24 with our impact of MAT reversal of 3.83 crores. CAPEX excluding lease assets incurred for FY24 is Rs.228 crore mainly towards new facility at Chakan, that is Rs.129 crore and land and building at our PCB plant, which was appearing as capital advanced before this capitalization. CAPEX excluding leased assets for FY2(corrected to FY25) will be close to somewhere Rs.250 to 300 crore mainly for expansion of our Chakan facility and Sanand facility.

With this, we can open the floor for Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Pratik Kothari from Unique PMS. Please go ahead.

Pratik Kothari: Sir my first question on margins. We are in aspiration that we want to do 11%, 12% over some time period, if you can share where are we in that journey and what will it take to reach there?

Anmol Jain: So, thank you. So, on the margins, the guidance I had earlier given was that Quarter 4 we should definitely be trying to get into the double-digit margins. Now there are two aspects of our business. One is the manufacturing or the operational profitability. And second is the tooling which really depends on the model launches, et cetera. Now, if I look at Q4 stand alone, the manufacturing or the operational EBITDA actually stands at 10.4%. There has been a loss in certain toolings. And because of that the overall margin stands at 9.6%, as reported for the quarter, but if I look at a consecutive quarter basis, or even on a year-on-year basis, from a manufacturing we have actually improved almost close to 110 to 160 bps depending on if you are looking at a consecutive quarter or a year-on-year quarter. So, the margins are in-line with the guidance of double digit. And as I said, we continue to believe that going forward we will slowly inch forward towards a more 11% or upwards EBITDA margin.

Pratik Kothari: My question was, we were trying to optimize the older plants which used to be at low margin, the new plant had to scale up. So, along those lines where are we in that journey and how is that progressing?

Anmol Jain: So, that journey continues, the new facilities obviously as the capacity utilizations are becoming better, we are definitely seeing a very good incremental jump in the bottom line from the new facilities. The older facilities also we are doing a lot in terms of manufacturing, cost management, more efficiency from the current setups, as well as trying to rejig the product mix. So, there are a bunch of things which are continuing and again, all put together, it has resulted in a double-digit EBITDA for Quarter 4. It's not just the new plant, of course that's one of the factors, but there has been a contribution from the earlier

facilities as well, which are now operating at let's say, give or take 80% to 85% capacity utilization.

Pratik Kothari: Okay. And sir my second question this the Chakan Phase-1, if we can share what kind of numbers, did we do this quarter, and have you finalized on the CAPEX that we intend to do for Phase-2 and also the Sanand, what kind of capacity we are putting up on one side of CAPEX for the same?

Anmol Jain: Sure, so I will probably hand it over to Ravi to give you a sense, but for the Phase-2, we are looking at somewhere around 130 to 150 odd crores CAPEX expansion between FY25 current year and maybe some spillover to FY26. And again, the peak revenue from phase let's say the Chakan plant we are expecting close to around between 900 to 1000 crores of revenue from that facility in somewhere FY28. So, that would be a sense of Phase-1 plus Phase-2 put together as I mentioned earlier the capacity we have incurred is about 0.5 million four wheeler vehicle sets in Phase-1 and about another point 0.25 to 0.3 million vehicles sets we will be expanding in Phase-2 thereby about 0.75 to 0.8 million vehicle sets capacity utilization, which as I mentioned will Phase-1 investment is already over, Phase-2 will be about 120 to 150 with the peak revenues about 900 to 1,000 crores. Regarding how much we have done in the quarter, et cetera maybe Ravi can add some.

Ravi Teltia: So, in Quarter 4 we are running this Phase-1 of our new Chakan facility somewhere around 50% capacity. So, as we have already mentioned in the past that the first phase we are expecting the revenue somewhere around 600 crores. We are running it at around 50% in Quarter 4. In FY25, we are likely to reach for the Phase-1 CAPEX utilization of +90%.

Pratik Kothari: And plans for Sanand?

Anmol Jain: So, Sanand investment plan as Ravi mentioned earlier is about 60 to 70 crores in FY25. And again, the peak revenue from Sanand.

Ravi Teltia: When we will have this complete facility which will be operational, we will touch around 100 crores of peak revenue from the Sanand facility as well by FY26.

Moderator: Thank you. The next question is from the line of Abhishek Jain from Alfaccurate Advisors. Please go ahead.

Abhishek Jain: Sir, in Chakan plant you said that the capacity utilization is around 70% to 80%, but you have mentioned that incremental value would be around 30 crores on monthly basis, on a quarterly basis it will be 90 crores. I see the number of Mahindra and Mahindra now it is around; it has moved from 126 crore to 148 crores only. So, it is just a 20, 25 crores incremented revenue in quarter for FY24. So, if you can throw some color on that, why the number is not matching?

Anmol Jain: So, thank you, there is a bit of a gap number one, the Chakan Phase-1 in Quarter 4 is operating at about 50% to 60% capacity utilization, we will get to almost +90% capacity utilization in FY25. And hence we said we will parallelly kick start the Phase-2 expansion because there are certain orders, which will get fructified only in FY25. Regarding the revenue for Quarter 4 from the new Chakan, I'll maybe let Ravi answer the specific numbers.

Ravi Teltia: So, it is close to 85 crores on the new Chakan facility Phase-1 and that's what we mentioned that by end of this current year FY25 we will reach 90% which is somewhere around 550 crores.

Abhishek Jain: So, incremental revenue from the Chakan plant is 85 crores but it was offset by the decline in revenue from the other plant that's why, we have seen only 20 crores kind of growth in an overall revenue on quarter-on-quarter basis?

Anmol Jain: So, there was a model mix so some other, so if you are looking at from a quarter-on-quarter, Quarter 3 to Quarter 4, you are absolutely right the revenue is about 100 crores up in absolute amount, which is about 15% odd, 15% to 17% on a trailing quarter basis. A large part of this obviously has come from Chakan new facility, but there have been certain pull backs on certain other models in the existing facilities which have tried to, and hence we are seeing a little lower uptick in the overall Company revenues.

Abhishek Jain: Okay. So, given that there's a strong numbers, you are talking about, 500 to 600 crore revenue from the Chakan plant. So, going ahead, if we assume that the passenger vehicle growth would be around flat to 5%, then what would be your top line guidance because of this incremental revenue from the Chakan plant for FY25?

Anmol Jain: So, the guidance for FY25 continues to be in about 25% to 30%, top line growth for the Company. And again, a large part of this will come from the new Chakan facility provided the model do get launched on time. As of now, we do not anticipate any delays there.

Abhishek Jain: And assuming that the passenger vehicle growth would be 2% to 5%. So, you would be able to outperform industry growth of around 20% to 25%, right?

Anmol Jain: That's correct. We still continue to maintain a 25% give or take top line growth guidance in FY25, despite the fact which I mentioned in my

opening remarks that the passenger vehicles will have a more muted growth this year because of higher base and certain capacity constraints. But yes, our growth is coming from largely new models, and not just coming from the current models organically growing in FY25.

Abhishek Jain: And these quarters the other expenditure has gone up significantly and that's why it impacted your margins a lot. So, what is the reason is there any one offs that will be stabilized in the coming quarter?

Ravi Teltia: So, in Quarter 4, as we mentioned on our manufacturing side, we have overall shown a better margin compared to the last Quarter 3, last Quarter 3 we were at 9.3 and now we are at 10.4. So, this is an improvement in a quarter-on-quarter margin for this quarter.

Abhishek Jain: I am talking about the other expenditure that is a very high right?

Ravi Teltia: So, on our other expenses side, we had a certain expense, related to the repair and maintenance, which we have like annual repair, which we have conducted in this quarter, and therefore we have certain higher, but that's a one-off situation, which will be cover up in the coming quarter.

Abhishek Jain: Okay, sir. Another this effective tax rate, what would be the effective tax rate in FY25 onwards?

Sanjay Mehta: In FY25, we will move to the new tax regime and effective tax rate will be 25.17%. That is going to be the effective rate. MAT is now lapsing so definitely the next year will be within the new regime. So, that 25. something that regime will be starting from the next year.

Abhishek Jain: Okay. And my last request is that, why don't you go for this split of the share, especially because that retail participants are not able to come well. And that's why there's always a problem of liquidity on their stocks.

Anmol Jain: Sure, we will take it into consideration. Thank you.

Moderator: Thank you. The next question is from the line of Saurabh Jain from Sunidhi Securities. Please go ahead.

Saurabh Jain: Sir, this is just adjoining to the question of the previous participant that we are talking about 4000 crore top line in the next fiscal that is like more than 23% CAGR. So, how do we anticipate this kind of growth since we already have a leading market share so, why I am asking because one of our competitors who were primarily into two wheelers now have got approval for supplying LED automotive lights to three passenger vehicles and three more are in discussions. So, competition is also rising. So, how do we plan to achieve this kind of outperformance to the industry?

Anmol Jain: So, thank you for the question. Again, I would like to correct your understanding, I clearly mentioned that the guidance for FY25 is between 25% to 30% growth on the top line. And if you see that growth on a total revenue of about give or take +2,600 crores it actually does not add to 4000 crores as mentioned it should be somewhere around 3300-3500 some around that number. Number two, as I mentioned that in our order book, we have got almost close to the development of 120 different lighting products across probably 40 different models across OEMs between two-wheelers, four-wheelers. So, we continue to remain bullish because we continue to be a partner of choice for the OEMs, the specific competitor, which you are talking about is largely a

two-wheeler player and the passenger foray is more on the small land and not on the front or the rear lighting of key OEMs. The front and the rear lighting continue to be dominated by us. Our presence in the new models for example, on the Maruti's first EV, the new SUV platform which Maruti is under development, also the Mahindra five door Thar which is likely to come in FY25, the first EV of Mahindra, three models of Volkswagen. Across all OEMs in four wheelers and a similar model lineup is there available in our order book for the two wheelers as well. So, we are quite bullish going forward, not just in FY25. But as I mentioned before, the FY27 and FY28 revenues for us once the Gujarat and Chakan facilities are also at peak revenue, we will be looking at a much bigger pie of revenue and the growth.

Saurabh Jain: Yes, sir I had mentioned 4000 crores for next fiscal only FY26 I was talking about and that's why a CAGR of 23%. So, what I meant to ask was, so despite having 60% market share, as you had mentioned on one of the previous calls, so we are further adding to that, like we are gaining market share, or the pie itself is growing so big that even if we maintain this market share, we will have this kind of growth?

Anmol Jain: So, the growth is coming on both aspects. One is we will be expanding our market share in certain OEMs. For example, TVS Motor Company, we were not the lighting supplier there two years ago, we have got an entry into TVS, last fiscal year and we are already now a supplier to TVS, with good engagement and discussions for future models as well. So, that is one simple example how we are gaining market share. Secondly, as I mentioned, almost 90% of our order book is on LEDs, where the value per lamp and the value per vehicle is much higher. And with advanced technologies more and more coming into these premium segments, the value growth of us will be far more than the volume

growth by the OEMs. So, these are the two fundamental reasons why I am still able to do a better CAGR growth going forward compared to what the industry is kind of forecasting.

Saurabh Jain:

Got it sir that was helpful. That brings to my next question, since we do not get the breakup of revenue with respect to conventional lights and LEDs for Q4. We have given for FY24 itself. But if we kind of deduct the first three quarters from the full year number, and we found that led share has come to 47% in Q4, because first three quarters were 35% and 36% and for the full year, the LED share has gone to 39%. But then, to my surprise if we had 47% LED share, then why our margins were low below 9% at the EBITDA level?

Anmol Jain:

So, again, I would like to clarify so your data on the penetration of LEDs absolutely correct, going forward in FY25 we in fact do expect LED to be about 50% to 60% of our total revenue, a significant jump from let's say 39% where it was in FY24. Secondly on the margin, as I had mentioned in my opening, if you are looking at the total margin, which has not improved on a quarter-on-quarter basis you are absolutely right. We were at 9.5% in Quarter 3 of FY24 and we are at 9.6% in FY24 Quarter 4. However, if I look at the manufacturing aspects, these are two separate let's say manufacturing or profit centers. One is the tooling, and one is the manufacturing. Tooling really depends on, that's not a yardstick to go back quarter-on-quarter, because certain strategic models, we actually do not make the same margins as we would on certain other models and tooling, really the revenue on tooling depends on the model launch date by the OEM. So, that's not really an apple to apples comparison, but if I look at the manufacturing, we were at 10.4%, which was up on quarter-on-quarter by almost 110 bps. And that was largely because again as I mentioned, operational efficiencies,

capacity utilization of the new Chakan facility, and let's say more penetration on LED.

Saurabh Jain: So, that means the share of tooling revenue has gone up significantly during the quarter. And that's why this mold revenue is only because if we see that was 24 crores during the quarter, which was not there in first three quarters?

Anmol Jain: That's correct. So, in Quarter 3 we had a tooling revenue of eight crores and in Quarter 4 it was 24 crores. So, it was three times the revenue, but on a profit aspect, as I mentioned because of certain strategic models, we were not making the same margin as we did earlier.

Saurabh Jain: Right, got it sir. So, going forward with this trend of increase in tooling revenue will be there?

Anmol Jain: Yes, absolutely the tooling revenue for next year we are expecting almost 2 to 3x growth, because as I mentioned, there are some significant models and the development which will get launched in FY25, but I do hope that we are able to make better margins on tooling's for the full year. Again, as I said quarter-on-quarter the tooling would not be the real picture. Because on certain models, we may not have good margins, but for the full year, I do expect tooling margins to improve on a year-on-year basis.

Saurabh Jain: Got it sir. So, FY24 we ended up with an EBITDA margin of 8.7% so can we expect 70, 80 basis points of expansion on that for the full year, at least 70, 80 basis point?

Anmol Jain: We ended FY24 at 9.2%. And yes, we should look at the double digit. So, expansion of as you mentioned, into a double-digit space for FY25



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on a total EBITDA and manufacturing will continue to obviously outperform the tooling, but on a consolidated Company level yes, your understanding would be correct.

Saurabh Jain: Got it sir and a last question if I can squeeze in, just a small clarification because I have started looking at and covering this Company very recently. So, my question was about the market share, on one of the previous calls, you had mentioned that we hold somewhere around 50% market share, and if we include SL Lumax, it will come to 60%. So, just wanted more clarity on it, is it only about four-wheeler automotive lights or is it about LEDs and it would really be helpful if you could explain how do we arrive at these numbers?

Anmol Jain: So, when we talk about the market share, we actually talk with SL Lumax because we talk about the brand Lumax market share not specifically the market share with Lumax Industries garner's and that it continues to be close to above 50%. When we come to passenger vehicles, again the market share would be very different than the two-wheeler space. Clearly also the number of players of lighting players which are there in two wheelers are far more than that of the four wheelers and hence, the pie is divided in a very different way. So, our two-wheeler market share would be lower than our passenger car market share, I would not have the exact numbers because these keep changing based on product mix. But I am sure we can send you this details, later.

Saurabh Jain: Got it sir. What would be the CAPEX number look like for FY25 and 26 in total?

Anmol Jain: So, FY25 current year, the guidance is between 250 to 300 crores of CAPEX, again to fructify the order book which we are sitting on.

Moderator: Thank you. The next question is from the line of Harshil Shah from AM Investments. Please go ahead.

Harshil Shah: Sir my question is on the debt of the Company, what is the long-term debt and what is the working capital debt on the Company and what will be the peak debt for the Company, after all the total.

Ravi Teltia: Yes, so currently our long-term debt as of 31st March is around 185 crore and total debt is around 600 crores.

Harshil Shah: And with the CAPEX of 250-300 crores over the next two years, what was our peak debt?

Sanjay Mehta: Peak debt would be around 280 crores in the long term, and slightly working capital will also increase, the total would be around 750 in FY24-25, total debt. To manage that growth and to manage the working capital requirement.

Harshil Shah: Okay, sir. And what was utilization of Chakan plant, exact utilization, like for the month of March, for the full quarter it was 50%?

Ravi Teltia: So, basically the March month utilization was +60%. So, would be considering around 65% for the month of March.

Harshil Shah: And can you give the exact, revenue from the Chakan plant quarter wise and the full year wise for FY24?

Ravi Teltia: So, basically the expected FY24 the full year Chakan plant revenue is +100 crore and the Quarter 4 somewhere around as I mentioned earlier 85 crores. And it was started in November as we mentioned in our previous call.

Harshil Shah: Okay. And when we talk of growth of 25% to 30%, our estimated revenue band is around 3300 to 3450 crores. What will the share of Maruti in that, what will be the contribution from Maruti that you are expecting?

Anmol Jain: So, Maruti as a total customer stands at about 27% to our total sales today, in terms of the specific growth, I would not be able to give you an exact number right now in terms of what would be the growth from Maruti but the Maruti new Swift, which has just been launched should be able to give us some decent growth for the FY25, the forthcoming models on which we are already a preferred supplier and under development, they only come in probably towards the end of FY25. So, we are looking at about a 20% growth in FY25 from Maruti Suzuki.

Harshil Shah: Okay, sir. Because in the last two years if we see FY24 and FY23, we are in 675 to 700 crores range for Maruti for the full year.

Anmol Jain: Correct.

Harshil Shah: So, can that be like 800- 900 crores, if you are saying 20% yes?

Anmol Jain: Absolutely.

Harshil Shah: Okay and my last question is on the tooling business, like margins used to be around 20%. So, can we, this is like one off margin or like can we expect that to be 20% going ahead?

Anmol Jain: 20% seems a bit unlikely because as I mentioned that there has been a lot of also competition pressure, localization. But I still believe that we should be able to continue to have a similar margin as manufacturing, which is double digits. So, I would still continue to give a guidance of maybe between 10% to 15% tooling margins on an annualized basis.

Again, I'm saying quarter-on-quarter it may usually vary depending on which model was launched and what was the margin on that particular model. But, on an annualized basis 10% to 15% margins would still be definitely my guidance. And just to come back on that question on Maruti Suzuki. So, Maruti would be one clear growth driver for us and also the growth drivers would be someone like Mahindra and Mahindra, in Mahindra and Mahindra also, we already had about 150 odd crores growth in FY24, and we are expecting close to about 100-200 crores growth in the FY25 from Mahindra and Mahindra.

Harshil Shah: This 458 crore is going to 650 crores?

Anmol Jain: Correct, if all the four models continue to perform based on their forecasts, yes.

Harshil Shah: Correct and Anmol we are expecting double digit margin like we are targeting around 11% margin next year. So, can we see the improvement from H1 onwards or for the full year basis you expect 11% types?

Anmol Jain: So, it will be more from H2 onwards, H1 as I said, because I am not expecting any significant new model launches, or any new increase in the volumes because of capacity constraints at the OEMs end. I would say that H1 would probably continue to be in the same vicinity as what we have done in Quarter 4, but in H2 we will definitely see an uptick. And for the full year, as I mentioned, we should inch more towards the 11% odd for the full year.

Harshil Shah: And Anmol can you elaborate, talk about SL Lumax, and can this 58 crores is sustainable or what do you think of the growth of SL Lumax, your perspective?



Anmol Jain: So, SL Lumax clearly continues to be completely dependent on Hyundai and Kia, and Hyundai and Kia have very aggressive plans in Indian market. So, SL Lumax will continue to grow, we are already expanding our geographic location, we are also setting up a new facility in line with Hyundai's further acquisition of the Talegaon facility. So, SL Lumax will continue probably in the double digits, maybe about 10% to 15% growth is what I would expect at best on a value term going forward in FY25 from SL Lumax on a top line.

Harshil Shah: And last thing, SL Lumax net profit margin will be around 10%?

Anmol Jain: That's correct.

Harshil Shah: So, when can we expect our Lumax Industries as a standalone entity be at those levels, 9% net profit level margins, like three, four years perspective and are you targeting something of that sort?

Anmol Jain: Absolutely, the target is there, and the opportunities do exist. There are multiple things, both from internal efficiencies as well as trying to get new businesses which are much more profitable than the current crop. So, there are multiple factors and I do believe that I can't give you an exact timeline. But yes, over the next let's say four to five years, we must be getting into that space as well for sure.

Moderator: Thank you. The next question is from the line of Neeraj from DAMAC Properties. Please go ahead.

Neeraj: I had a very generic broad-ended questions. I have followed the Company for the past five plus years. In your assessment, what's your view in terms of competitive intensity, in the segments where we operate, I have seen us talking about reaching the double-digit margin,

and it is taking us forever to reach there. I do agree we have made progress over each year. There was COVID also in between, but in a very broad sense, what's your view on the competitive intensity in our segment where we operate?

Anmol Jain:

Interesting questions, from a competitive intensity, pretty much all the top lighting players globally are present in India. As the Indian market continues to grow, more and more interest of lighting players continues to be there in India because it is perhaps one of the only growing markets in the world when it comes to automobiles. Competition intensity is probably at peak, and it will only continue to grow going forward. But how we are well positioned with respect to the competition is again clearly one with a strong partner. Number two, because a lot of the competition in India more specifically in the two-wheeler space does not necessarily have a foreign partner. Number two, there is obviously a lot of focus on localizing research and design and innovation at a much more competitive cost advantage to what would be offered if it was to be done in outside of India or in Japan. Clearly there are these advanced technologies and that's one of the reasons where we see OEMs like Mahindra and Tata have a lot more room and opportunity for us to penetrate forward because there is a lot of new technologies which they are willing to innovate and explore with the tier ones like us. Some of the Japanese makers will still continue with the similar global design language, which will flow in from Japan. So, from R&D aspect, we are very well positioned. Our check development center already has now 22 engineers, which are only doing core technology and advanced lighting development. And as I mentioned, we have almost got about 500 engineers in India, which are doing more and more application engineering for the OEM. So, that's a huge presence and the customer definitely sees that as a big

plus, compared to many other competitions, where the engineering strength locally in India is not so significant. They may have engineering centers outside of India, but the customer wants onsite support on each model, so that's one. Second, clearly, we are spread across the all geographies much more than any other lighting competitor in terms of our presence of manufacturing. The key is, how do we try and optimize our resources, optimize our cost structures because we do feel that the more the spread, there could be likelihood of more fixed cost being added. So, that's something which we are already working on. And these are the two fundamental reasons why I feel that we are well placed with respect to competition, and well placed in terms of having an upside in our margins going forward as well.

Neeraj: Sure, thank you very helpful. And just one thing, if I look at our P&L, it seems next year depreciation will inch up further and even finance cost like higher in Q4. So, obviously, our sales will increase, the EBITDA margin is expected to increase further but at PBT level, will the growth be lower than the sales growth. What's your view over there?

Anmol Jain: So, on a PBT level, I would think that perhaps in FY25, we may not see an expansion because of higher depreciation and interest burden. But, as we try and get a lot more internal accruals out probably from FY26 onwards, you will start seeing a jump in the PBT as well. But right now, the focus is clearly on the operating margins for now.

Moderator: Thank you. The next question is from the line of Dhawal from Clear Blue. Please go ahead.

Dhawal Agrawal: Hi, this is Dhawal Agrawal from Clear Blue. Just one question from my side, we see a sharp increase in inventory vis-à-vis the cost of goods sold as well as the revenues. Could you just comment on that?

Ravi Teltia: So, basically, one of the reasons, as we mentioned about the inventory related to our tooling which we have therefore, that is one reason that we have additional inventory in our balance sheet and second is since we are moving more LED penetration. So, the electronic inventory, which is having long lead time is adding up to the inventory.

Dhawal Agrawal: So, do you have a steady state guidance for next year on the inventory levels?

Ravi Teltia: On an inventory level, right now we are working on our, right now we are at inventory turn of single digit and our focus is to move it to the double digit in the next financial year.

Moderator: Thank you. The next question is from the line of Jatin Chawla from RTL Investments. Please go ahead.

Jatin Chawla: You mentioned that Chakan you are broadly running at 50% to 60% run rate and for the full year you are expecting 90% but on the same other end, you mentioned that first half there are not too many new model launches. So, growth will be more second half driven. So, the pickup will happen only in the second half then on a full year basis how will you get to 90% utilization?

Anmol Jain: Number one, the early commentary was only specific to Chakan. When I talked about H1 I was talking about for the whole Company, there are model launches which continue to be there in these other manufacturing facilities as well for which we have sufficient capacities. So, it's not that in H1 we will be absolutely having zero model launches and all model launches will be in H2, it's not like that. But I'm saying if I look at the significant growth, it will start kicking in in H2 primarily because the capacities and the volumes ramp up of OEMs is also likely

to be in H2. Quarter 1 also, because of let's say, elections we are also seeing that retail sales in the market have definitely cooled down. We also try and track the inventory levels of passenger vehicles at the dealer's end. And if you start seeing that trend based on FADA reports, there is an uptick in the inventories which are sitting on the dealer blocks. So, with all those macro factors put together, I mentioned that H2 is where we see a much better growth compared to H1, that was my guidance earlier, specific to Chakan, every quarter the utilization levels will only get better, not necessarily only based on new launches, but also based on better uptake of the current models.

Jatin Chawla:

Got it. On the margin side, you explained that 4Q margins are softer because of the tooling. But when I look at even our full year numbers, we have seen very healthy top line growth, but our EBITDA margins have actually come down from 9.6% to 9.2%, including other income. So, what parts of our cost structure are, we kind of not able to get a handle on and why is the margin improvement continuously getting pushed out to the next financial year?

Anmol Jain:

So, if I look at the specific numbers, you are absolutely right on a consolidated it's gone down from 9.6 to 9.28 at an EBITDA, that is largely because of tooling. The tooling profit has dropped from last year to this year by almost let's say it has become 1/3. So, almost 2/3 of the tooling profit in absolute amount has dropped. That is one of the significant reasons why on an overall you don't see the growth of top line reflecting in the growth of the bottom line. Manufacturing EBITDA has actually inched up slightly from about 8.8% odd to about 9.1%-9.2% for the full year. Specifically, in that also until last year, there was a subsidy income, which amounted to almost close to Rs.6.5 crores, which in the current year, we stopped booking that income. We will as

a good audit practice we said we will only book it now when the income is realized. So, if you take that out, then the margin expansion on operational EBITDA is even more compared to on a year-on-year basis. And as I mentioned earlier, Quarter 4 stands at 10.4%, which is highest in the last eight trailing quarters.

Jatin Chawla: Got it. Just one last question. We are seeing that some of your other competitors are talking about how interior lighting or illumination is likely to emerge as a large segment over the next few years. So, what are your plans in this segment?

Anmol Jain: So, we are absolutely working in fact, we have already got certain advanced development go ahead from certain OEMs and for Lumax Industries, we will continue to develop the interior lighting. But interior lighting cannot be sold as a product to OEMs, it has to be integrated with the interior systems. And if you see globally, the trend is now people of interiors are actually getting integrated with the lighting systems. You can take the example of Faurecia with Hella, or you can take the example of Plastic Omnium with respect to Visteon. It's a global trend and that's one of the reasons strategically as a group now, I am not talking about Lumax Industries, Lumax went ahead and got into IAC India, which is a group Company today. And IAC is a dominant player in the interior space. They do the cockpits, they do the door panels, they do the roof lighting, so, they will take lead with respect to integrating the interior lighting in the overall interior cabin. But yet, the technology and the development and manufacturing of the interior lighting per se will continue to be in Lumax Industries. But we will be able to position ourselves as a full system integrator and a full system supplier to the OEMs and that's what they want. They don't want an interior lighting supplier. They want someone who can package it into

the interior cabin and supply to them as a complete module, which is where Lumax gets a competitive advantage over the rest.

Jatin Chawla: Got it. So, you basically act as a tier two base to somebody else who is supplying directly to the OEM?

Anmol Jain: It may or may not depending on how the OEM wants it. It could be a tier one arrangement as well, but the design and development lead would be done by the IAC India or whoever the interior makes for that OEM.

Jatin Chawla: Okay. And your order book number for the end of the financial year?

Anmol Jain: Sorry?

Jatin Chawla: The order book number at the end of the financial year, you mentioned 120 products, but in terms of rupees across.

Anmol Jain: So, it stands at about Rs.2400 crores in terms of value terms, we do expect this number to come almost close to 1/3rd, 1/3rd, 1/3rd over the next three years. So, about close to 800 to 900 crores in FY25 and similar number will come in FY26, FY27 out of this 2400 but again, this number continues to evolve every quarter. The marketing teams continue to be deeply engaged with OEM for new businesses. And as I mentioned 90% of this order book is LEDs.

Jatin Chawla: Just one last question, Sanand you said that 1000 crore revenue potential, how much is the investor?

Moderator: Thank you. Ladies and gentlemen, due to time constraint that was the last question for today's conference call. I would now like to hand the conference over to the management for closing comments.



*Lumax Industries Limited
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Anmol Jain: Well, I take this opportunity to thank everyone for joining into the call. We will keep the investor community posted on a regular basis for updates on your Company. I hope we have been able to address most of your queries. For any further information. Please do get in touch with us or the strategic growth advisors, our Investor Relations advisors. Thank you once again and have a good day.

Moderator: On behalf of Lumax Industries Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.