AUTO COMPONENTS SPECIAL

TARGET ACHIEVED

Shahkar Abidi explains how **Lumax Auto Technologies** achieved its target of tripling its revenue in five years, and is well on its way to cross the $1 billion milestone by 2030.

Five years ago, as the world grappled with the shockwaves of the COVID-19 pandemic, automotive supply chains struggled to cope with the mega disruption caused to their logistical arrangements. Meanwhile in Gurugram, the leadership team at Lumax Auto Technologies was thrashing out the answer to a very different question: How can it achieve scale in an increasingly competitive market over the coming decade?

At the time, Lumax Auto Technologies, a supplier of auto components such as lighting systems, two-wheeler chassis, and transmission products, had revenue of around Rs 1,100 crore, with nearly half of it—Rs 500 crore—originating in its core operations in fabrication, welding, moulding, and metallic components. The rest came from transmission systems and a handful of ancillary product lines.

The company, then under the leadership of Managing Director Anmol Jain and Chief Strategy Officer Vikas Marwah, was not satisfied with incremental growth. Instead, it wanted to triple its revenue to Rs 3,000 crore by 2025 and establish itself as a $1 billion enterprise by 2030. Marwah, a veteran of the auto component industry, was soon elevated to the post of Chief Executive Officer.

Now as FY25 draws to a close, Lumax is on track to surpass Rs 3,000 crore in revenue—potentially exceeding its original target.

Technology and JVs

So how did the company achieve this feat? Back in 2020, the DK Jain Group company knew that tripling the revenue in five years would be anything but easy, given that the broader automotive component industry was growing at a rate of 5-7%.

Its strategy, therefore, focused on two things: high-growth areas like advanced plastics, electronics, and alternative fuels; and strategic joint ventures to access the know-how and technology required to play in these areas. Lumax has strategically leveraged global collaborations to enhance its technological capabilities and diversify its product portfolio. Indeed, even today, it continues to focus heavily on JVs, with a 2030 target of raising its revenue from JVs to over 60% from just about half at present.

Since 2020, when it set for itself the target of tripling its revenue, Lumax Autotech has vetted multiple acquisition opportunities, and closed several. However, unlike companies that pursue outright takeovers, Lumax's acquisition strategy has been different: securing a majority stake—typically above 60%—while allowing acquired firms to retain operational independence. This, Marwah explained, ensures that Lumax can integrate new capabilities without disrupting the DNA of its partners.

In 2020, Lumax formed a 50% JV with Japan's Yokowo to develop antennas and related technologies, recognising the growing importance of vehicle communication systems. By 2021, the company was deepening its presence in electronic components through a 50% JV with Japan's Alps Alpine, a leading manufacturer of electric devices. And in 2022, Lumax took a step further into advanced automotive engineering by signing a technology transfer deal with Japan's IO Industry for kinematic components, ensuring access to cutting-edge motion control technologies.

Rs 1,100 cr
Lumax Autotech's revenue in 2020

Rs 3,000 cr
Lumax Autotech's current revenue run rate

$1 bln
Lumax Autotech's revenue target for 2030

In February 2023, it acquired a 75% stake in IAC International Automotive India (IAC India) for Rs 440 crore. A subsidiary of the International Automotive Components (IAC) Group—a $3 billion global supplier—IAC India is a key Tier-1 manufacturer of interior systems and components for major OEMs, including Mahindra, Maruti Suzuki, Volkswagen, and VE Commercial Vehicles. With 45 manufacturing facilities across 17 countries, IAC Group's global reach provided Lumax with a stronger foothold in the high-value interior systems segment.

Another recent acquisition, a 60% stake in Greenfuel Energy Solutions for Rs 153.09 crore, marked Lumax Autotech's entry into the burgeoning alternative fuels sector. Greenfuel is a supplier of high-pressure fuel storage and delivery systems for CNG and hydrogen-powered vehicles, serving major clients such as Maruti Suzuki, Tata Motors, and Volvo Eicher. This aligned with the growing industry shift towards cleaner mobility solutions and positions Lumax as a key player in the alternative fuels space.

"This approach ensured that Lumax Auto Technologies retained its identity as a powertrain-agnostic company," Marwah noted.

This is not to say that the company did not focus on acquisitions and JVs before 2020. The journey began in 2007 with a 50% stake in Lumax Cornaglia, an Italian emission systems company. A year later, Lumax expanded its presence in transmission technology as a TA with Mannoh Japan and subsequently in 2014, through a 55% JV- Lumax Mannoh for gear shifters.

As the automotive landscape evolved, so did Lumax's global partnerships. In 2017, the company ventured into the telematics space, establishing a 50% JV with Israel's Ituran, a leader in sales of telematics products and services. That same year, it strengthened its capabilities in vehicle sensors by acquiring a majority stake in Spain's FAE, a specialist in oxygen sensors. The momentum continued in 2019 when Lumax entered a 50% JV with Germany's Jopp to manufacture transmission products, further reinforcing its position in drivetrain technology.

Today, the company currently has ten partnerships spanning key automotive segments, each reflecting its commitment to targeted growth.

JV Success

Over the past five years, Lumax Auto Technologies' joint ventures have not only grown but, in some cases, have expanded at an exponential pace.

Take Lumax Mannoh, for instance. Until 2020, the gear shifter manufacturer generated an annual revenue of Rs 120 crore. Today, that figure has more than tripled to Rs 350 crore, with projections placing it at more than 2X by 2030. Similarly, Lumax Cornaglia, a specialist in emission systems, has experienced a dramatic rise in revenue, surging from Rs 45 crore in FY2020 to Rs 160 crore currently. With continued demand for advanced emission technologies, the JV is well on its way to reaching 4X within the next five years.

Meanwhile, Lumax Alps Alpine, a key player in electronic devices and components, has emerged as one of the company's strongest growth engines, bolstered by an order book exceeding Rs 300 crore. This reflects the increasing integration of electronic systems in modern vehicles and the growing demand for advanced automotive components.

Beyond these major ventures, several other JVs—including Lumax Ituran, Lumax Jopp Allied, and Lumax Yokowo—have evolved from reporting minimal revenue in 2020 to becoming significant contributors. Each of these partnerships is now firmly established and is projected to grow multifold by 2030.

All this has today helped the company achieve its five-year revenue target. But beyond top line growth, what stands out is the company's improving profitability, a critical metric in the highly competitive auto components sector.

Back in 2020, Lumax's EBITDA margin hovered around 10%. Today, that figure has risen to nearly 14%, placing it in line with some of the best-performing Indian auto component manufacturers. This improvement reflects not only revenue expansion but also operational efficiencies and the company's ability to integrate acquisitions successfully.

Looking ahead, Marwah envisions sustained annual growth of 15-20% between 2025 and 2030. By the end of the decade, Lumax aims to achieve a sustainable EBITDA margin of 15% while scaling revenue close to $1 billion.

"As we continue our aggressive expansion, we are actively evaluating additional acquisition targets," he said.

"Had we not pursued this strategic roadmap, our growth would have been limited to just 5-10% year-on-year. Instead, we are on track for 15-20% annual growth, significantly outperforming the industry."

FROM PETROL TANKS TO VEHICLE EXTERIORS

LUMAX CORNAGLIA, WHICH makes air intake systems, plastic fuel tanks, and urea tanks, has undertaken a change in its business strategy. The company's Pune plant, which was making plastic fuel tanks for primary customer Tata Motors, is now looking at alternative opportunities, given that Tata Motors has switched back to using metal tanks on multiple models.

Industry observers believe that one of the reasons for this could possibly could be due to softening of metal prices. Moreover, plastic fuel tanks continue to have some issues remaining to be addressed, although CAFE II norms may force OEMs to look at plastic tanks again.

For now, the company believes it can use the roto-moulding capabilities of its plant to make other parts such as vehicle exteriors and cabin structures.

For instance, in electric three-wheelers (E3W), the industry is witnessing a shift from traditional soft-top canopies to hard-top plastic cabins. This transition is only possible through roto-moulding, which enables the production of large, durable plastic modules.

Plastic fuel tanks may again come into vogue after CAFE II norms.

As such, Lumax Cornaglia has signed up new OEMs, including Mahindra, for its roto-moulding operations, with production set to start in the next three to six months.

The company has kept 40% of its production space open for future expansion and its projections indicate a 60% utilisation of roto-moulding facility by 2026.

Further, Lumax is in active discussion with its JV partner, Cornaglia group, to make India a global sourcing base for some products, leveraging Cornaglia's international business.

Marwah pointed out that manufacturing of plastic and urea tanks remains a highly specialised domain, with only two major players in India. The high entry barriers in this sector—ranging from advanced technology requirements to stringent OEM approvals—mean that new entrants face a three-to-five-year timeframe to establish themselves. This gives Lumax Cornaglia a competitive advantage, ensuring a secure and stable business outlook from 2025 to 2030.

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Lumax has met its revenue target and maintained healthy margins.

EV Strategy

From the very beginning, Lumax Auto Technologies' 2020 EV strategy adopted a balanced approach—one that safeguarded its existing product categories and capital investments, while carefully evaluating the true scalability of electric vehicle (EV) adoption.

The thinking was clear: despite industry projections, EV penetration in India, particularly in the four-wheeler segment—has not accelerated as expected.

Marwah does not expect more than 20% EV penetration in four-wheelers by 2030, and even that is on the higher side. This means that ICE and hybrid vehicles will still dominate the market, providing continued opportunities for EV-agnostic components. The market, as Vikas Marwah describes it, remains in a "wait-and-watch" phase.

"This is not to say we do not believe in EVs—rather, we recognise the delayed timeline and have strategically positioned ourselves accordingly," explained Marwah. Currently, 40% of the company's order book is dedicated to EV models across passenger cars and 2Ws.

Instead of chasing short-term EV opportunities, Lumax Autotech has focused on two underappreciated yet critical areas: thermal management systems, vehicle electronification, and cockpit management. These segments, Marwah believes, will play an essential role as the industry shifts toward more connected, digitised, and electrified vehicles.

'PLI SPACE IS TOO CROWDED'

While Lumax has got approval for participating in the PLI scheme, the company does not see itself qualifying in the first two years of its PLI commitments.

The PLI scheme for automobile and auto components industry, with a budgetary outlay of Rs 25,938 crore, aims to enhance India's manufacturing capabilities for advanced automotive technology (AAT) products, overcome cost disabilities, and build a robust supply chain. The scheme covers the period FY 2023-24 to FY 2027-28, with incentive disbursements from FY 2024-25 to FY 2028-29. The scheme offers incentives of 13-18% for electric vehicle and hydrogen fuel cell components and 8-13% for other AAT components.

The PLI scheme for auto components and automobiles has raked in investment worth Rs 20,715 crore and Rs 10,472 crore in incremental sales (as of September), with the first incentive disbursement slated for FY 2024-25. According to the Ministry of Heavy Industries, 82 applications from the 115 received, have been approved with an estimated investment of Rs 42,500 crore, expected incremental sales of Rs 2,31,500 crore and 1.4 lakh jobs, in a span of five years.

Vikas Marwah notes that the company has made recommendations to the government to add at least two or three more products to the PLI list, and is hoping that the government will comply.

According to Marwah, while some of the competitors may have qualified for the PLI, they have a different business model – oriented towards the export market – which Lumax does not have access to, due to its reliance on joint venture partners. "We think the [PLI] space is too crowded and the demand too little," he noted.

"By ensuring that all Lumax products—from lighting and cockpit systems to shifters and plastic modules—are compatible with any powertrain, we have built a future-proof portfolio that seamlessly integrates with both ICE and electric vehicles," he continued.

This powertrain-agnostic approach has allowed Lumax to hedge against uncertainty in EV adoption, ensuring that it remains technologically relevant and financially resilient—regardless of how the Indian auto market evolves in the coming years. The common theme running through Lumax's partnerships is a strategic focus on technology adaptation, product diversification, joint research and development, and localisation.

Marwah is confident that Lumax Autotech's structured approach—balancing organic growth with strategic acquisitions, and joint ventures—will ensure sustained success in the evolving automotive landscape. Indeed, as the industry moves toward electrification, alternative fuels, and connected mobility, Lumax's collaborative approach may indeed help the company stay relevant amid rapid changes and transformations. ■