LUMAX

LATL:CS:REG30:2024-25 **Date: November 21, 2024**

BSE Limited Listing & Compliance Department Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001	**National Stock Exchange of India Limited** Listing & Compliance Department Exchange Plaza, C-1 Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400051
Security Code : 532796	**Symbol: LUMAXTECH**

Subject: Transcript of Analysts/Investor Earnings Conference Call- Q2 FY 2024-25.

Dear Sir/Ma'am,

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable Regulations, please find enclosed herewith the Transcript of Analysts/Investor Earnings Conference Call for all Investors/General Public which was held on Thursday, November 14, 2024 at 02:30 P.M. (IST) to discuss the operational and financial performance of the Company for the 2nd Quarter and Half Year ended September 30, 2024.

The transcript will also be made available on the website of the Company at www.lumaxworld.in/lumaxautotech

This is for your Information and Records.

Thanking you,
Yours faithfully,
For **Lumax Auto Technologies Limited**

PANKAJ MAHENDRU
Digitally signed by PANKAJ MAHENDRU
Date: 2024.11.21 11:48:15 +05'30'

Pankaj Mahendru
Company Secretary & Compliance Officer
ICSI Membership No. A28161

Encl: As stated above

"Lumax Auto Technologies Limited
Q2 & H1 FY '25 Earnings Conference Call"
November 14, 2024

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 14th November 2024 will prevail

MANAGEMENT: **MR. ANMOL JAIN – MANAGING DIRECTOR**
MR. DEEPAK JAIN -- DIRECTOR
MR. VIKAS MARWAH – CHIEF EXECUTIVE OFFICER
MR. SUNIL KOPARKAR – MANAGING DIRECTOR, IAC INDIA
MR. SANJAY MEHTA – DIRECTOR AND GROUP CHIEF FINANCIAL OFFICER
MR. ASHISH DUBEY – CHIEF FINANCIAL OFFICER
MR. NAVAL KHANNA – CORPORATE HEAD, TAXATION
MR. SANJAY BHAGAT -- HEAD OF AFTERMARKET
MR. ANKIT THAKRAL – CORPORATE FINANCE
SGA -- INVESTOR RELATIONS ADVISOR

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 and H1 FY '25 Earnings Conference Call of Lumax Auto Technologies Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements do not guarantee the future performance of the company, and it may involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero 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 Q2 and H1 FY '25 earnings conference call. Along with me on this call, I have Mr. Deepak Jain, the Director; Mr. Vikas Marwah, CEO; Mr. Sunil Koparkar, Managing Director, IAC India; Mr. Sanjay Mehta, Director and Group CFO; Mr. Sanjay Bhagat, Head of Aftermarket; Mr. Ashish Dubey, CFO of the company; Mr. Naval Khanna, Corporate Head of Taxation; and Mr. Ankit Thakral of Corporate Finance, along with SGA, our Investor Relations advisor.

The results and presentations have been uploaded on the stock exchange and the company's website. I hope everybody has had a chance to go through the same. I am happy to announce that our performance for this quarter has been very strong with a revenue growth of 20% at INR842 crores, which has been the highest ever single quarter revenue in the history of the company. H1 too witnessed strong performance with revenue standing at INR1,598 crores, a similar growth of 20%.

This performance stands as a testament to the core principles that define our brand, our enduring relationships with customers and the unwavering dedication of our entire team. However, it is also important to acknowledge the broader context of the automotive industry, which did face certain headwinds during the quarter.

A few key factors impacted growth across the industry. The general elections in the country did slow down the capital expenditure, impacting the demand for commercial vehicles. Heat waves and heavy rainfall in many regions affected overall consumer sentiment and business activities, specifically in the aftermarket. The traditional observance of the Shradh period, which fell entirely within the month of September this year, also influenced purchasing decisions among consumers.

On a segment-wise basis, on the passenger vehicles, the inventory levels for passenger vehicles rose during the quarter, driven largely by anticipation around new model launches from OEMs. However, we are seeing inventory levels gradually decrease due to a strong festive season sales and attractive discounts from the OEMs.

Overall, as noted previously, we expect the passenger vehicle segment to register a low single-digit growth for the full year as an industry.

On the 2-wheeler side, the 2-wheeler segment continued its growth momentum, particularly in rural areas. The recent launch of high-end models by OEMs has driven substantial demand with festive season sales providing an additional boost.

Looking ahead, we anticipate this upward trend to persist, fueled by a stronger rural economy, continued introduction of premium models and evolving consumer preferences. The commercial vehicle segment experienced a subdued performance this quarter for reasons already explained. However, we are hopeful that the demand for CVs will rebound in the second half of the year as government spending resumes and infrastructure projects regain momentum.

Turning to Lumax Auto Technologies. We are excited about our growth journey that lies ahead with a clear focus on several strategic priorities. Number one, increasing our content per vehicle. We continuously aim to expand our range of offerings for each vehicle, each segment, enhancing the value we provide to our OEM partners and strengthening our presence in the auto market.

Number two, introducing new product categories, which are EV agnostic through new joint ventures and new acquisitions with prime focus on improving the top line and the bottom line growth. Number three, maintaining our position as a trusted single source partner for major OEMs and delivering cutting-edge technology by drawing on the expertise of our global joint venture partners.

And number four, lastly, to meet the evolving demands of OEMs and drive sustainable growth, we are enhancing our own R&D capabilities significantly focused towards technologies like ADAS, electronics integration, HMIs and software.

Speaking of our operations, Lumax Tech is a financially sound, diverse automotive component manufacturer in the country, having partnerships with multiple global leading joint venture partners and having relationships with all major OEMs in the country.

Coming to the product category-wise performance for the first half. Advanced Plastics was grown by 17% from INR775 crores in H1 FY '24 to INR907 crores in H1 FY '25. The passenger vehicle segment is a major revenue contributor for this segment, constituting almost 70% of the total. Our outlook for this segment remains strong with more premiumization trends and addition of new product line. The order book for this segment stands at INR650 crores.

The mechatronics domain has grown from INR26 crores in H1 FY '24 to INR46 crores in H1 FY '25, a strong growth of 76%. This product category has a huge opportunity in terms of wallet share in new model launches through cross-selling. Many products are lined up for SOP in the second half of the current financial year, which will further increase the revenue pie. The order book for this domain stands at INR175 crores for the segment.

Coming to Structures and Control Systems. Revenue has grown by 11% from INR306 crores in H1 FY '24 to INR338 crores in H1 FY '25. The passenger vehicle segment contributes almost 60% of the total revenue. Our outlook for the segment remains strong with opportunity to penetrate into the premium and EV segment and addition of new technology-driven products with order book standing at INR225 crores.

Lastly, our revenues from the aftermarket segment has seen a flat growth in H1 '25 with respect to H1 of FY '24. This is pretty much similar to all major Tier 1s and other peers of the industry. This is largely because of poor income realizations from the aftermarket. However, the situation has started to show signs of recovery with stronger growth expected in H2 through product launches, which may lead to a higher single-digit growth for the whole year.

The total order book, considering the value of all product and domain categories is INR1,050 crores, out of which 90% is new business. 15% of the order value will mature in the current financial year FY '25, 40% in FY '26, 30% in FY '27 and the remaining residual 15% in FY '28. EV contribution is approximately 40% of the total order book.

We look forward to a strong second half of the year with several new model launches on the horizon. With our decades of experience, we have successfully navigated the shifting market dynamics to consistently deliver higher value to our customers and shareholders. This performance also highlights our resilience and unwavering commitment to excellence, and we are well positioned to adapt, grow and seize new opportunities in the coming years, thereby creating higher value.

Now I would like to hand it over to Mr. Sanjay Mehta, Director and Group CFO, to update you on the operational and financial performance of the company.

Sanjay Mehta: Good afternoon, everyone. Let me brief on the operational and financial performance for Q2 and H1 FY '25. With increased focus on passenger vehicle segment and integration of IAC, our share of passenger vehicle is at 50% in H1 FY '25 as compared to 47% in FY '24. In H1 FY '25, 2- and 3-wheelers contribution to overall revenue is at 25%, aftermarket at 12%, CV at 9%, and balance at 4% was contributed by other categories. For more detailed operational highlights on customer-wise revenue breakup, one can refer our investor presentation uploaded on the exchanges and company's website.

On financial highlights, the consolidated revenue for Q2 FY '25 is at INR842 crores as compared to INR700 crores, up by 20% year-on-year. On H1 FY '25 basis, revenue stood at INR1,598 crores compared to INR1,332 crores, similar growth of 20%. EBITDA margin stands at 14% for Q2 FY '25. Absolute EBITDA for Q2 stood at INR118 crores, growth of 18% on a year-on-year basis. H1 FY '25 margin is at 14% with EBITDA growing by 19% at INR223 crores on a year-on-year basis.

PAT before minority interest for the quarter is at INR52 crores as compared to INR38 crores in Q2 FY '24, a growth of 38%. The tax rate for the quarter is 26% and is likely to continue in the same range in the future.

The Capex outlay during H1 '25 has been INR32 crores. However, with many SOPs planned for the second half of the year, the Capex outlay for the whole year is estimated to be around INR120 crores to INR140 crores. The company is sitting on a healthy free cash of INR387 crores as on 30th September, which is more than the long-term debt of INR363 crores.

With this, we open the floor for questions.

Moderator: First question is from the line of Harshil Shah from AM Investment.

Harshil Shah: Congratulations on great set of numbers. Sir, my first question is, could you share some insights on IAC utilization levels and current performance? What margins do you see as sustainable going forward given the consistent 17% margins you have been maintaining.

Anmol Jain: So IAC, did you talk about the capacity utilization levels?

Harshil Shah: Yes, IAC capacity because we did some INR280 crores of topline. So like are we nearing peak in terms of utilization?

Anmol Jain: So, yes, fortunately, for us, Mahindra has been growing significantly. As you clearly see in H1, IAC revenues have also grown by roughly about 19%. And in H2, we expect this growth to be even more significant on the back of certain model launches, which are planned for H2 by Mahindra & Mahindra.

So from a capacity utilization, I would say that we have already initiated certain brownfield expansions on our capacities, both in Pune as well as in Nashik, and these will be operational in H2. So post the investments, I would say that our capacity utilizations would still be close to around 85-odd percent.

Harshil Shah: Okay, sir. And on the margin front, sir?

Anmol Jain: So I think we have been able to maintain EBITDA margin of roughly between, let's say, 16% to 18%. And in the near future, let's say, specifically for H2, we do expect a similar margin to be maintained.

Harshil Shah: Okay, sir. And sir, any update on the new acquisition? Like can you share first half top line and EBITDA margins of GreenFuel Energy Solutions Private Limited.

Anmol Jain: So that has not been closed yet. So as of now, in H1, there is no revenue inclusion of GreenFuel in the financial setup.

Harshil Shah: Correct, sir. But what is the number, like if you can share.

Anmol Jain: So for, let's say, on a full year basis, we are expecting anywhere between INR300 crores to INR350-odd crores of revenues with a stronger EBITDA margin than what we are looking at currently across the most of our subsidiaries and joint ventures.

Harshil Shah: FY '25, you're saying GreenFuel can do INR300 crores to INR350 crores of top line?

Anmol Jain: That will be FY '25 total. Of course, depending on the closure, we will see how much of that gets consolidated in FY '25. But this guidance, which I gave for an annualized number is more for FY '26.

Harshil Shah: Okay. And sir, it will start contributing from January onwards, GreenFuel?

Anmol Jain: Perhaps. We are looking at quarter 3 onwards, we should start getting it on our books.

Harshil Shah: Vikas Ji, can you please elaborate on each subsidiary like in terms of order book, actual performance and outlook, that would be helpful, sir.

Vikas Marwah: Okay. So, Harshal Ji, we are seeing a strong traction on mechatronics, as Mr. Anmol Jain indicated. On mechatronics, while this year, I mean, in the last quarter, we have already seen a 70% growth, but that's a small base. We are planning to more than double up our revenue on mechatronics division, which includes Ituran, Alps Alpine, FAE, and Yokowo portfolio. These four divisions are the future drivers amongst many drivers for Lumax Auto Technologies in the future. We are planning to more than double of this revenue in FY '26 also.

Currently, if we see in terms of the order book of all of these entities. So we see for mechatronics close to INR175 crores order book already with us. And this is something which is still on the increased traction, and it will gain more momentum.

Plus on Lumax Mannoh, we have an order book currently of INR60 crores, but Lumax Mannoh is to be seen in the context that we get a rollover and carryover of many programs without the RFQs also. So that remains much on the traction.

On LCAT, currently, the order book is slightly lower in terms of about INR15 crores to INR20 crores, but even that is getting traction now. So if you see all of these subsidiaries, including one remaining subsidiary, FAE, which has not seen traction in the last few years, with the OBD II now rolling out, we expect to get into the SOP of oxygen sensors for the first time with a major 2-wheeler manufacturer by January 2025.

Harshil Shah: Okay, sir. And sir, Anmol Ji, can you shed some light on the stand-alone business, like with exports at Bajaj showing signs of revival, are we experiencing a similar trend? -- and your outlook for the aftermarket business? That's it.

Anmol Jain: So I'll take the aftermarket first. I think aftermarket in the first half, as I said, has been subdued, but this is a phenomena which is across the most major Tier 1s across the industry. In H2, we have already started seeing signs of an uptick. We do expect the H2 should be probably by itself a double-digit growth compared to year-on-year basis.

And hence, as I mentioned in my opening remarks, for the full year, we still expect a high single-digit growth rate for aftermarket in the current financial. But we are monitoring it closely. We do have some exciting new product launches in H2 for the aftermarket, which should further fuel this growth momentum in H2.

Coming to the stand-alone business, I think Honda Motorcycle has done exceptionally well. If you look at their numbers, they've grown by almost 33% in the first half. And subject to that, our business of plastic injection has also grown by almost 21% for HMSI in Bangalore.

We continue to also grow our metallic business, which has grown by almost 20% in the first half on the back of new models and growth of Bajaj Auto as well. We've started the production of the EV model, the EV Chetak as well in the first half. So that has also fueled this growth. So the stand-alone business also continues to look good, both on OEM part and specifically in H2 recovery in the aftermarket.

Moderator: The next question is from the line of Amit Hiranandani from SMIFS Limited.

Amit Hiranandani: Congratulations team for a good set of numbers. Sir, first of all, on your last comments, basically, on the stand-alone business, although we have seen no good improvement. But if we look at our key customers, Bajaj, HMSI, they have reported very good double-digit growth on a Y-o-Y basis in Q2, but stand-alone revenue has grown by just 9 percentage. Was the aftermarket was only thing which was dragging the revenue or any other reason for that thing?

Ankit Thakral: So, stand-alone business, if you see a comparison of H1 last year to H1 current year, as a reported number, it grew by almost 12%. But with the aftermarket registering a flat growth, if we reduce that aftermarket business, the OEM business has grown by 17% to 18% with respect to the H1 last year and same as a story for both the Q1 and Q2 with respect to the last quarters.

Anmol Jain: So I think just to add color, I think if you look at Bajaj Auto's own growth on a first half basis, their numbers have grown by 11% H1 to H1 vis-a-vis our revenues with Bajaj, which are primarily all of it in the stand-alone entity has grown by 17%, primarily because, as I mentioned, we have expanded our wallet share on the -- specifically the fabrication and the chassis business. HMSI grew by 33%. And based on our wallet share of the certain product mix, our value with Honda Motorcycle also grew by about 22% for the first half.

So this is pretty much in line with the OEM growth. And as was mentioned, if I take out aftermarket from the stand-alone, we are looking at a high double-digit growth already in H1, and we expect a similar momentum to continue in H2.

Amit Hiranandani: Great. This is very nice to hear, sir. Sir, continuing with the stand-alone business only, the EBITDA margin has shown very decent improvement. So what are the factors led to this despite soft aftermarket? Generally aftermarket is your high-margin business. So how much more juice is left on the margin side?

Ankit Thakral: So if you see the stand-alone margins with respect to the H1 last year, it has grew almost by 150 basis points and which basically includes certain economies of scale due to the higher revenue in OEM and as well as certain, you can say, the price corrections from our major OEMs, namely Bajaj and HMSI, which were basically the carry forward from the last financial year. So these two reasons -- these are the two reasons basically, which has resulted into the increased EBITDA margins.

Amit Hiranandani: Scale and price increases, you said, right?

Anmol Jain: Yes, yes.

Amit Hiranandani: Okay. And sir, what was the revenue of Lumax Ancillary Limited because this is required just to calculate the organic growth on a Y-o-Y basis?

Anmol Jain: In H1, Lumax Ancillary has reported INR80 crores of revenue.

Amit Hiranandani: Understood. And sir, on the IAC India, it reported very healthy top line growth of 29% in Q2. And this, we believe, is largely driven by the M&M's strong performance. However, despite the good scale, the EBITDA margin dropped year-on-year by 29 basis points to 16%. And in fact, margins lower Q-on-Q by 302 basis points. So can you just explain me what is the reason for this?

Ankit Thakral: So you are absolutely right. If you see the reported numbers, it has grew by 29%, the total revenue. But for this quarter, it included a substantial amount of tooling revenue in IAC amounting to INR35 crores. If we exclude that INR35 crores as a manufacturing revenue, it has increased by almost 15% to 16% with respect to Q2. And with respect to H1, the manufacturing revenue has grew by 17% and the total revenues by 19%.

Now coming to the second portion of your question, the EBITDA margins. EBITDA margins as an overall, it's about 16.5% for Q2, which is almost down by 150 basis points with respect to the Q2 of last year, which is mainly due to there were certain one-timers and price corrections from their major OEMs in the last financial year. So the reported margins, as Anmol sir just mentioned, we'll be continuing to report between the range of 16% to 18%.

Amit Hiranandani: Right. And sir, for continuing with the IAC only, so Tata Motors business is expected to start from Q4 FY '25. And apart from that, any other new order wins or a client addition, if you would like to highlight on the same?

Anmol Jain: So I will let Sunil just come in on the operational SOP of the Tata Motors business, but I will highlight that we have won a full service supplier business for Tata Motors, not just for the plastic interior products, but also for the ambient lighting, and that's a new product category which IAC India has ventured into. And we do expect to first stabilize this particular order and then perhaps grow the ambient lighting, interior lighting space to other OEMs as well. But that's just a new product.

We are continuously engaged in discussions with OEMs like Maruti Suzuki to expand and increase our wallet share and also with new potential customers like Honda Car India apart from already our existing customers like Skoda, Volkswagen.

But just to come back on when the Tata Motors business will be operational, I'll let maybe Sunil, the MD of IAC India, take that. Sunil?

Sunil Koparkar: Just wanted to give you highlights on Tata business. The newly awarded business, as Anmol sir said, will be launched in 2026. There is multiple businesses going on, but there is a significant design revenue as well in this program. The Q4 program, which we had originally announced, which will be launched for the CURVV has been kind of put on hold because they wanted to launch the model, but it will be resurrected later. But to the Tata business, the product launch is in 2026.

Anmol Jain: Thank you.

Amit Hiranandani: So it is slightly delayed, you said. Okay. And sir, on the Lumax Mannoh, so can you just tell me the revenue and margin in H1 for Lumax Mannoh?

Anmol Jain: So the revenue in H1 for Lumax Mannoh stood at INR176 crores and the EBITDA margins were pretty much in line with the previous track record of between 16% to 17%.

Amit Hiranandani: Right. And sir, any update on the export business opportunity for Lumax Mannoh?

Vikaas Marwah: Well, as you are aware that these are the subsidiaries with international joint venture partners. We have -- in terms of the geographies. So currently, the visibility is restricted to the ASEAN countries, which is largely towards Indonesia and Thailand. And over the next 24 months, we are looking at having an overall about INR30 crores, INR35 crores per year kind of contribution coming in from these markets depending on the launch of the new programs.

Amit Hiranandani: Understood. And sir, Lumax Mannoh in FY '24, its revenue was around INR350 crores. So I mean, just wanted to understand where do you want to take this number by FY '27?

Vikas Marwah: So this entity, of course, holds majority market share in terms of the gear shifters with all the passenger vehicle manufacturers, which is close to 60% to 62% market share. So therefore, it's in a stronger position. We are anticipating a year-on-year growth of about 12% to 15%, depending on the OEM demand holding up.

Amit Hiranandani: Sure. And sir, on the Lumax Cornaglia, so we are supplying majorly to Tata Motors and which in turn has reported a degrowth in the first half. So how was your performance for Lumax Cornaglia?

Anmol Jain: Our Cornaglia performance for the first half has been flat compared to year-on-year basis in H1 despite a negative growth of Tata Motors. We still are hopeful that for H2, we will continue to have a single-digit growth for Lumax Cornaglia overall. But as was mentioned earlier, we are sitting on an order book of INR60 crores in Lumax Cornaglia. And next year, we do expect the growth momentum to be much better compared to the current year.

Amit Hiranandani: Right. And sir, our plastic fuel tank that product has started gaining traction? And how do you see the top line growing basically for this Cornaglia?

Vikas Marwah: So the plastic fuel tank entry was done largely for Tata Motors. Entering during the development, Tata Motors had a shift in their strategy when they have replaced a lot of their platforms back to metal. So plastic fuel tanks has not really come in as a mandate till now. We are now looking at the overall roto moulding technology opportunities in the same machine setup that we have put, and we are happy to inform that we have acquired the roofing business of one of the vehicle platforms of Mahindra there, and we are aggressively targeting a couple of more businesses.

So hopefully, I think with one machine that we have put up in terms of utilization over the next 24 months, again, we are looking at a INR25 crores to INR30 crores revenue coming from there, which would make it viable. So roto moulding technology is a gradual and a nascent technology, which has just been introduced, and we hope to see traction there.

Amit Hiranandani: Sir, I just missed the first line. So you said plastic fuel tank business is like delayed or what?

Anmol Jain: I think Tata Motors has gone back to using from plastic fuel tanks back to metal fuel tanks on a lot of their models. And that's the reason the offtake of plastic fuel tanks from our perspective has, let's say, hit some sense of a back burner. And that's the reason we are now trying to find different product lines, which can utilize the machine, the roto moulding machine better in terms of capacities.

And that's why we have already won an order for the plastic roof of one of the tractor OEMs -- sorry, the 3-wheeler -- not the tractor, the 3-wheeler from one of the OEMs to service that. So that's a new, let's say, product line, which we are entering into basically to utilize our machine capacities better.

Amit Hiranandani: Sir, but we have recently set up a large plant in Pune, considering that Tata Motors has given plastic fuel tank order. So just want your update on the same?

Anmol Jain: So that is one of the machines or one of the products that plant is not specifically for that. That plant is an integrated plant for all Lumax Cornaglia products and customers. And whatever revenue Lumax Cornaglia does today, which is, let's say, around INR80 crores, which it clocked for first half of this fiscal comes out of that single plant location.

Amit Hiranandani: So sir, how much run rate we can assume for the next 3 years, I mean, growth rate for Lumax Cornaglia, now the Lumax -- now the plastic fuel tank business is not with us presently?

Anmol Jain: As I mentioned, I think for the current year, we are still looking at H2 being a better growth driver because of certain new products as well. So we should be for the full year looking at close to approximately between INR160 crores to INR180 crores of revenue for the current year. And again, for the next year, because we have some order book, we should be looking at a high single-digit growth for Lumax Cornaglia next year.

Amit Hiranandani: Understood. And sir, lastly, on the emerging subsidiaries, basically, if you can help us with the H1 revenue for Alps Alpine and its margin. Also, sir, your midterm growth drivers for Alps Alpine are to localize the power window switches, expand range of switches, window raising sensors and in-vehicle infotainment. So how is the progress happening in this front? And how do you see revenue growth for this entity?

Anmol Jain: Lumax Alps Alpine in the first half did about INR15 crores of revenues, which was flat compared to the previous year. In H2, stand-alone H2 basis, we are looking at doubling our revenues compared to the previous year. So for the full year, we are looking at a handsome 50% year-on-year growth for Alps Alpine. We should be close to INR50 crores revenue, although on a small base for the current fiscal.

But as I mentioned, we have almost more than INR100 crores of order book on Alps Alpine. A significant part of this comes in FY '26, largely driven by the throttle position sensor and the in-vehicle infotainment system for 2-wheelers. And next year, we are looking to perhaps cross the INR100 crore revenue mark for Alps Alpine.

Amit Hiranandani: And sir, this for the passenger vehicle switches, right? Just following up on the last question.

Anmol Jain: I mentioned the both products in the order book of Alps Alpine, half of 2-wheelers.

Amit Hiranandani: And sir, just continuing, I just ask you one question about this other products like sensors in vehicle infotainment. How is the progress happening over there?

Anmol Jain: I just explained the same, the sensor and the in-vehicle infotainment, both are getting launched in later part of this year and early FY '26, which will contribute the total turnover of Alps Alpine to go beyond the INR100 crores mark for FY '26. Both these products are in the 2-wheeler space.

Moderator: The next question is from the line of Rohan Mehta from Nexus Capital.

Rohan Mehta: Yes. Sir, my first question is on the -- how is the GreenFuel acquisition playing out for us? And what kind of synergies are we seeing currently?

Anmol Jain: So the GreenFuel acquisition is on track. This partnership, as I mentioned, should be fructified sometime in quarter 3 itself and with consolidation revenues maybe kicking in from quarter 3. We do see some very high synergies. And again, as I mentioned before, it is a step towards the alternative fuels market. namely CNG, LNG and hydrogen, which we do believe have a very strong market in the future, both in the passenger vehicle as well as the commercial vehicle space.

Rohan Mehta: Sure, sure, sir. And sir, secondly, how have the smaller JVs performed this quarter? What kind of growth are we looking at for these JVs in the medium to longer term, say, over a 3- to 5-year horizon?

Anmol Jain: So I think I already explained that, let's say, the Alps Alpine JV has a huge potential where current year, as I mentioned, it would be just close to around INR50 crores, and we do expect it to double beyond INR100 crore mark in the next financial year itself on the back of a strong order book and certain launches, which will come in the later part of FY '25, FY '26.

Apart from that, let's say, something like Yokowo will also be growing at a very strong rate of, let's say, 50% to 70% in the current financial year as well as continuing that growth momentum over the next financial year as well. I do understand it's a small base, but we do expect that critical mass to be brought in, in FY '26.

Ituran, again, we started with a very strong growth in H1. There has been certain demand challenges with Daimler, and that's the reason for the full year, we are looking at still doubling our revenue, but that growth momentum will continue on a maybe 20% to 30% mark over next fiscal year as well. So these are some of the smaller JVs, which I believe mechatronics is the culmination of all these JVs. And mechatronics, as was explained earlier, will grow at almost close to 70% to 80% this year. And next year also, we expect the revenues of mechatronics domain to double, maybe crossing the INR200 crores mark.

Moderator: The next question is from the line of Aman Agrawal from Carnelian Capital.

Aman Agrawal: Sir, congrats on a good set of numbers. A few questions from my side. First was on the inorganic place, like we have acquired IAC India and now with GreenFuel, like how are we looking at basically the inorganic opportunity for the future? Like would we like to basically digest these acquisitions and focus on improving more business from them? Or like would we be open to going for more inorganic acquisitions and partnerships basically in the future?

Deepak Jain Thanks for the question. This is Deepak Jain here. I'll just take this one. So I think in our previous commentary, what we have said was that we would like to envisage getting more partnerships, new orders coming in with a much more healthy EBITDA. I think the company had a good success with IAC, where we were able to acquire 75% on a basis which was much more sales intense as well as having an EBITDA higher for the company.

Similar philosophy has been used for identifying Greenfuel. We're very bullish on the alternate fuel CNG particular segment and a very similar kind of acquisition partnership structure has been done for GreenFuel as well. I'm very hopeful that going forward, like what we are doing in IAC, acquiring more customers and accelerating growth of that company, we would be able to, as Lumax along with the current promoter management, be able to do the same thing for greenfield going forward.

Your question is that how do we basically take that? Of course, we have got current joint ventures. So if I look at the total business, right, we have actually the aftermarket division, which we would like to have a robust growth. Second, we have the current joint ventures in which Lumax Mannoh and Lumax Cornaglia are actually having more basically revenue and profit, but we are hopeful that the other joint ventures get incubated.

We have IAC, which I've just spoken about. And with green fuel coming in, we should be able to get more opportunities for having a faster track on revenue as well as having better margins because whatever businesses we're acquiring, they're having better margins.

And I think the philosophy fundamentally will remain the same. We will continue to very closely interact with our customers and try to get basically into segments which we probably are not in. For example, GreenFuel has a good play in also the commercial vehicle space. and of course, as CNG comes in. IAC had a whole premiumization model. And as Mahindra has is actually feeling better for the company because the whole space coming in from SUV.

So IAC helped the company to go largely from a 2-wheeler now more dominated to a 4-wheeler and greenfield will also continue to do that. And also greenfield is the first, I would say, powertrain or basically centric kind of, I would say, bet which Lumax is taking because we have not been very, very powertrain agnostic. But this time, we are betting good on CNG because going with India plans, going with what the customer and particularly Maruti Suzuki, I think is very, very important for that.

And we continue to basically scout for acquisitions, which will not just synergize, but it's probably having higher or good profitability and good potential to grow, which with Lumax's OEM relationships, we can continue to do that.

Aman Agrawal: Thank you, sir, for elaborating. Second thing, sir, we have talked about our EV play, right, like EV strategy where we want to focus on. So like have we finalized it? And like any thoughts on that basically?

Anmol Jain: So right now, let's say, if you're talking about our organic products, which are also applicable into the EV space, as I mentioned earlier, out of the order book of INR1,050 crores, almost 40% of this order book is towards EV models, both in passenger cars as well as the 2-wheeler space. However, we are currently not further pursuing any opportunity in the EV specific component space.

As an alternative, as I mentioned, we are a lot more bullish on the penetration of alternate fuels like CNG, and that's why we are strategically aligning our direction into that space and foraying into that segment. So for EV critical components, right now, the company has no plans to move forward in pass cars or 2-wheeler space.

Aman Agrawal: That was really helpful. Just one question, sir, since we would be looking for expansion across our verticals, so any debt to EBITDA level or debt-to-equity levels we are looking at maximum level since we may go for further acquisitions, right? So anything on that.

Anmol Jain: So currently, I think if I were to give you a horizon of over the next 3 to 4 years, I think we do expect that with the order books in hand and with all the current product lines which we have, we should be able to grow at least 50% more than the industry's growth rate. So that is something we should be able to easily grow. And for that, there is enough cash generated during the year to be ploughed back to fuel that kind of growth.

To further that growth rate in the going forward coming years, I think we will do a mix of perhaps fresh debt as well as using our strong internal free cash sitting on the books. So with the mix of that, I think we will be ploughing that in inorganic opportunities further going forward to further accelerate the growth.

Moderator: The next question is from the line of Amit Hiranandani from SMIFS Limited.

Amit Hiranandani: Yes. Sir, continuing with the emerging subsidiaries for Lumax JOPP, our target was to become a full system supplier along with Lumax Mannoh. So is there any progress, any cross-selling opportunities you are seeing? If you can just let me know on this?

Vikas Marwah: So thank you, Amit. Lumax JOPP came into India to make a joint venture with us basically for one product, which was shift towers that became an FSS offering to the OEM along with the gear shifter division of Lumax Mannoh. However, while we are happy to inform you that Lumax JOPP has won substantial shift tower business from country's largest PV manufacturers, namely MSIL. The program gets into the SOP in FY '26.

Currently, they are supplying shift towers only to Mahindra. So you will see large critical mass emerging in FY '27 when we start supplying the shift towers to Maruti Suzuki, that's a large business award. However, Lumax JOPP is also now aggressively pursuing the electric shifter strategy because that is what they do globally along with Volkswagen and with other European OEMs, including JLR. And both programs are currently underway. So in the next quarterly Board meeting, we will be able to present a more clear picture in terms of Lumax JOPP's road map over the next 3 to 5 years. But we see very strong potential there.

Amit Hiranandani: And sir, what was the revenue for H1 and margin for Lumax JOPP?

Anmol Jain: So H1, we had a negligible revenue of about INR7 crores although it was 70% growth, but it was a very low base. And right now, we've not yet achieved breakeven because of the low revenue. But we do expect that on a full year basis, this should double up to maybe anywhere between INR12 crores to INR15 crores in terms of revenues. And again, the order book is almost INR50 crores for Lumax JOPP. So once that kicks in, we should be able to tide the wave of getting into profitability as well.

Amit Hiranandani: And this majorly INR50 crore order book executable in FY '26 and FY '27 combined, right?

Vikas Marwah: A very small portion of it comes in FY '26. But as I mentioned, the Maruti Suzuki SOPs are in FY '27. And that is where 80% of the order book lies right now.

Amit Hiranandani: Right. And sir, any update on the oxygen sensors business, the FAE side? The implementation date is April 2025. So any change from the deadline change or you have won some order? Anything we can update on this, please?

Vikas Marwah: Yes. So this is one business that has been waiting to get off the block largely due to the OBD II implementation. By all signals, by all indications from the OEMs and no other voice heard from the government circles, we are anticipating February '25 production of these vehicles with the second sensor. So we are going ahead with the SOP in January with a major 2-wheeler manufacturer. We are looking at supplying almost 0.5 million sensors in the next financial year.

But yes, from February onwards, you will start seeing the revenue coming in. And for the full year FY '26, we are anticipating almost 40% capacity utilization of the plant that we have put up. And definitely, then we will get more aggressive in the market with more order acquisition.

Amit Hiranandani: Understood. Sir, oxygen sensor, generally, we use two oxygen sensors, right, in 2-wheelers. Approximately realization per oxygen sensor is around INR500. Am I correct in this?

Vikas Marwah: So the oxygen sensors traditionally were the unheated sensors that were being deployed by most of the OEMs, 80% OEMs were deploying unheated sensors, which had a price of anywhere between INR300 to INR400. And then the heated sensors were INR450 to INR600, largely imported from 2 global manufacturers. Lumax FAE will be giving only heated oxygen sensors. We are not in the unheated oxygen sensor game. So you have a price bracket there.

Amit Hiranandani: Right. And sir, just a bookkeeping question. I just missed the gross debt number as on 30 September and the cash and investments in hand.

Ankit Thakral: So the free cash as on 30th September as on consolidated basis is INR387 crores and the long-term debt is INR363 crores.

Amit Hiranandani: INR363 crores is the long-term debt, okay?

Ankit Thakral: Long-term debt, yes.

Amit Hiranandani: Understood. And how -- what is the annual repayment schedule, sir?

Ankit Thakral: Annual repayment schedule for the whole year was -- long-term debt was INR75 crores. So out of that INR75 crores, half of it has been paid in H1 and the balance will be paid in H2.

Amit Hiranandani: Okay. And sir, Capex outlook for consolidated business? And if you can break up majorly where we are going to spend the same...

Anmol Jain: So Capex, if you look at last year to this year, there should be an incremental Capex of about INR60 crores. Last year was around INR80 crores. This year, we are looking at anywhere between INR120 crores to INR150 crores. So this Capex largely will give us almost INR400 crores of additional revenues in the current year itself. So from an asset turnover, the additional Capex to additional revenue will be almost INR1:7 in FY '25 itself. Part of -- most of this Capex will go into the IAC as well as the metallics for new subsidiaries, the smaller JVs.

Amit Hiranandani: Right. Sir, just last one final question. On the consolidated EBITDA margin. So in H1, it's slightly lower than the last year. So do you still maintain your annual guidance of keeping EBITDA margin at the same level of what we have achieved in FY '24?

Anmol Jain: I think if you look at EBITDA margins, total in FY '24, we did 14.6%, but there were certain one-off cases. If I were to take them off, the normalized EBITDA was maintained at 14% on a consolidated basis. The same is already achieved in Q1 as well as Q2 at 14%, and we expect this margin to continue in Q3 and Q4 for the remaining part of the fiscal despite headwinds, but we are pretty sure that we will be able to deliver this top line growth with a sustained EBITDA margin.

Amit Hiranandani: Right. Sir, any internal targets to take this margin ahead for the next 3 years perspective?

Anmol Jain: Absolutely, I think as the top line grows, as I already mentioned, we should be able to get the top line growing organically 50% more than that of the industry growth. So if the industry grows, let's say, at around 8% to 10%, we should easily be looking at a 12% to 15% growth organically. And for that, with that organic growth with better operational efficiencies with the new subsidiaries scaling up, we should be able to expand those EBITDA margins further, perhaps from 14% to 15%.

Moderator: Ladies and gentlemen, due to time constraints, that was the last question. I now hand the conference over to management for closing comments.

Anmol Jain: Well, I would like to 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 all your queries. For any further information, please do get in touch with us or Strategic Growth Advisors, our Investor Relations advisers. Thank you once again, and have a good day.

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