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BSE Limited Listing & Compliance Department Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001	The 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- Q4 & FY 2022-23.

Dear Sir/Ma'am,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable Regulations, please find enclosed herewith the Transcript of Analysts/Investor Earnings Conference Call which was held on Thursday, June 01, 2023 to discuss the Operational and Financial performance of the Company for the Quarter and year ended March 31, 2023.

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

You are requested to take the same on records and oblige.

Yours faithfully,

For Lumax Auto Technologies Limited

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

Encl: As stated above



“Lumax Auto Technologies Limited Q4 FY’23 Earnings Conference Call”

June 01, 2023

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 1st June 2023 will prevail.



MANAGEMENT:

- MR. ANMOL JAIN –MANAGING DIRECTOR – LUMAX AUTO TECHNOLOGIES LIMITED**
- MR. DEEPAK JAIN –DIRECTOR – LUMAX AUTO TECHNOLOGIES LIMITED**
- MR. SANJAY MEHTA – DIRECTOR AND GROUP CHIEF FINANCIAL OFFICER – LUMAX AUTO TECHNOLOGIES LIMITED**
- MR. VIKAS MARWAH – CHIEF EXECUTIVE OFFICER – LUMAX AUTO TECHNOLOGIES LIMITED**
- MR. NAVAL KHANNA – CORPORATE HEAD, TAXATION – LUMAX AUTO TECHNOLOGIES LIMITED**
- MR. ASHISH DUBEY – CHIEF FINANCIAL OFFICER – LUMAX AUTO TECHNOLOGIES LIMITED**
- MR. ANKIT THAKRAL – CORPORATE FINANCE – LUMAX AUTO TECHNOLOGIES LIMITED**
- MS. PRIYANKA SHARMA – HEAD CORPORATE COMMUNICATIONS – LUMAX AUTO TECHNOLOGIES LIMITED**

Moderator:

Ladies and gentlemen, welcome to the Q4 FY 2023 Earnings Conference Call of Lumax Auto Technologies Limited. A disclaimer. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements 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 telephone. 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 warm welcome, ladies and gentlemen, to our Q4 and FY '23 Earnings Conference Call. Along with me on this call, I have Mr. Deepak Jain, Director, Mr. Sanjay Mehta, Director and Group CFO, Mr. Vikas Marwah, CEO, Mr. Naval Khanna, Corporate Head- Taxation, Mr. Ashish Dubey, CFO, Ms. Priyanka Sharma, Head, Corporate Communications, Mr. Ankit Thakral from Corporate Finance, and SGA, our Investor Relations Advisor.

The results and presentations have been uploaded on the stock exchange and the company's website. Hope you were able to view the same. I would like to begin this call with some insights of the economy and auto industry, followed by the operational and financial performance for the fourth quarter of FY '23 before opening the floor for questions.

India's growth post-COVID '19 has been phenomenal. The estimate coming from various agencies are projecting a GDP growth rate of approximately 6.5%, which is the fastest in the world and will contribute close to 15% in the global growth. The economy is thriving, thanks to a combination of structural and cyclical factors resulting in India continuing to outperform its global peers and defy recession.

Talking about the auto industry, we have seen a good recovery on back of tremendous resilience, innovation and robust market demand. The government's continued efforts to make India a global manufacturing hub for automobile brings up a lot of growth opportunities for the leading auto ancillary companies like us to tap advantage. Be it the PLI schemes or scrappage policies, the growth opportunities are immense.

Improving per capita income, especially in the urban and semi-urban markets and the launch of more feature loaded models are nudging consumer preference towards executive and premium vehicles. On the passenger vehicle front, the trend is now shifting from sedan and small cars towards SUVs with the share of latter set to increase at a rapid rate going forward.

Indian passenger vehicle sales grew by 27% for FY '23 with easing chip shortages and improving supply chain globally, leading to new launches and better availability over the year. Commercial vehicles saw a high growth of 33%, registering sales of 9.4 lakh units in FY '23, compared to 7 lakh units in FY '22.

With government spending on infrastructure at record high, this segment is expected to see a good growth going forward. Two-wheeler sales also saw a growth of 19% for FY '23 with rural economy showing some kind of revival. Consumer preference is more skewed towards higher CC models compared to entry-level model.

Coming to our recent inorganic partnership of IAC India, which is a Tier 1 interior systems and component supplier to key automotive OEMs in the country, including Mahindra, Maruti Suzuki, Volkswagen India and Volvo Eicher commercial vehicles amongst others.

We have successfully completed the acquisition of 75% stake in the company in March this year. With this, we are now able to jump on the opportunity to combine our competitive strength across products and offer comprehensive solutions to our customers. With multiple synergies coming into play that brings opportunity for new customer additions, with cross-selling of products would be the key driver of growth through this venture.

Our key growth strategies with IAC will be to diversify and expand business with new customers, to penetrate deeper into existing customers, to unlock product synergies between lighting and plastic interior systems by leveraging the technical expertise of Lumax and IAC, leverage IAC India's strong engineering centre to design, develop new and innovative technologies and products, operational synergies across manufacturing excellence, capacity utilization and procurement and target to achieve higher revenues from EV platforms over the next three to five years. The IAC management team along with Lumax will certainly continue to drive the business going forward.

Let me now move on to the operational highlights for this quarter. During the quarter, we have made the following new launches in the passenger vehicle segment, the gear shifter system for Maruti Suzuki, Fronx and Jimny models, seat frames for Jeep Meridian, for two-wheelers, chassis and frames for Bajaj Pulsar 150 Twin Disc model. And in the commercial vehicle segment, we have been able to add telematic parts for the truck and buses for DICV, the Daimler India Commercial Vehicles.

Lumax has been outshining itself through various awards Pan India across categories. This year, our Pantnagar plant received a Super Platinum Quality Award from Bajaj Auto at the Bajaj Auto Vendor Association Convention in January 2023. The Bengaluru plant won the Bronze Award for Excellence in Manufacturing, Very Large Category at the ACMA, Atmanirbhar Excellence Awards held in March 2023. And Lumax Mannoh Allied Technologies, the subsidiary company, has proudly received two awards in the categories of Inner parts Localisation and Value Analysis at the Maruti Vendor Conference in May 2023.

With continuous new launches by the OEMs, we have also been able to grab new business. Our content per vehicle has increased due to our presence across multiple product categories and long-standing relationships with all major OEMs in India.

On the financial front, our consolidated revenues for the full year grew by 26% on year-on-year basis and stood at INR1,847 crores, the highest ever in the history of your company. Our EBITDA stood at INR224 crores, up by 37% year-on-year with an EBITDA margin of 12.1%, which has also been the highest ever. This includes financials of IAC India from 10, March 2023 onwards.

Our growth entity wise has also been tremendous. Stating out a few, the stand-alone entity caters to Integrated Plastic Modules, the aftermarket business, the chassis and swing arm or two-wheelers, trailing arm for the three-wheelers and the two-wheeler lighting. The stand-alone entity has contributed 68% of the total consolidated revenues for FY '23.

During the quarter, the company received requisite approval of amalgamation from Honourable NCLT for merger of Lumax Mettalics Private Limited with effect from April 1, 2022. Thus, the financials of Lumax Mettalics have been merged with the stand-alone entity.

Lumax Mannoh Allied Technologies is a 55% subsidiary, which manufactures manual, AMT and AT gear shifter system and has the market leadership position, contributed 16% to the total consolidated revenues. The company has also recorded its highest ever revenue crossing INR300 crores for the first time on the basis of both the value and volume increase coupled with commencement of manufacturing operations at Bangalore and exports for a global platform.

Lumax Cornaglia Auto Technologies, the 50% subsidiary, manufacturing air intake systems and urea tank commanding 100% share of business with Volkswagen and Tata Motors, contributed 7% of the consolidated revenues. The joint venture has also recorded a handsome growth at 36% for the year and holds a strong order book and is very bullish for its performance in the next year.

Lumax Alps Alpine India Private Limited, a 50% subsidiary for the manufacturing and sale of electric devices and components, including software related to the automotive industry, contributed 2% to the total consolidated revenues. We have aggressive growth plans for this JV in the coming years.

I'm happy to share with you that your company is sitting on a healthy order book of around INR900 crores. 90% of it is in new business and out of which approximately 90% is in the joint ventures and subsidiaries.

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

Sanjay Mehta:

Good afternoon, everyone. I will brief on the operational and financial performance for Q4 and 12-month FY '23. For FY '23, Integrated Plastic Modules contributed 26% of overall revenue,

followed by Aftermarket at 20%, Fabrication at 13%, Gear Shifter at 16%, Lighting products at 8%, Emission at 7% and Others at 10%.

Two and three wheelers contributed 37% overall revenue, passenger car at 29%, aftermarket at 20%, CV's at 9% and others at 4% for FY '23. For more detailed operational highlights, please refer our investor presentation uploaded on the exchanges and company website.

With respect to financial highlights, the consolidated revenue was at INR493 crores for Q4 '23 as against INR417 crores last year Q4, up by 18%. Q4 FY '23 includes revenues from IAC India to the tune of INR51 crores from 10th of March 2023. For FY '23, consolidated revenues were at INR1,847 crores, up by 23% over financial year '22.

EBITDA margin stand at 12.6% for Q4 FY '23 as against 11.8% for Q4 FY '22, up by 80 basis points. Absolute EBITDA for Q4 '23 stood at INR62 crores, a growth of 26% on year-on-year basis. Absolute EBITDA for FY '23 stood at INR224 crores with EBITDA margin at 12.1%, up by 130 basis points from EBITDA margin of FY '22. Q4 and 12-month FY '23 includes EBITDA from IAC India to the tune of INR7.4 crores from 10th of March 2023.

PAT after minority interest for FY '23 stood at INR93 crores, which includes profit after tax of INR2 crores on account of consolidation of IAC from 10th of March '23. PAT margins stood at 5% for FY '23 as against 4.6% for FY '22. The capex incurred during FY '23 is around INR132 crores, which includes INR47 crores on account of leasehold assets, thus the actual capex outlay is INR85 crores.

With this, we open the floor for questions.

- Moderator:** Thank you very much. Our first question is from the line of Abhishek from Dolat Capital. Please go ahead.
- Abhishek:** Good afternoon, and congrats for acquisition of IAC India at a reasonable price. Sir, there are a couple of questions on IAC India. So what is the operating margin of this company excluding other income in FY '23?
- Anmol Jain:** So the EBITDA margin is roughly about 16.5%. This is for FY '23 full year, that is fully operating margin for the company.
- Abhishek:** So it also includes the other income. Excluding other income, how much is it?
- Sanjay Mehta:** It includes other income, but that is not the...
- Anmol Jain:** We will let you know the exact details later, but this one is including other income.
- Abhishek:** Okay. What was the PAT number? Profit after tax number for IAC India for FY'23?
- Anmol Jain:** We'll get back to you. We don't have this number ready, but we'll get back to you on the IAC PAT number.

- Abhishek:** And sir, regarding the urea tanks, you have started to supply this Volkswagen and Tata Motors. So how much is the current order book? And what kind of the growth you are looking from this business? What the norms have changed which will be positive for this company?
- Vikas Marwah:** So, Abhishek, this is Vikas Marwah. Thank you for your question. Our FY '22 sales for urea tanks was about INR23 crores. And FY '23, we have gone up to about INR35 crores. We are expecting a growth of 15% year-on-year minimum on a conservative side for the next three years in this particular commodity.
- Abhishek:** And what would be the margin of this business?
- Anmol Jain:** The margin would be high double-digit.
- Vikas Marwah:** It's a high double digit.
- Anmol Jain:** High double-digit EBITDA margins.
- Vikas Marwah:** And there are only two players in the country, only one besides us who is supplying this in the country.
- Abhishek:** But this business is at very nascent stage and we're expecting a very high growth in this business, but you are saying that is only 15%. As the base is low don't you think that growth should be at a higher than 50%, 60% business, because the growth was quite...
- Vikas Marwah:** We are currently participating in the commercial vehicle segment only. We are planning to expand into the passenger vehicles also for urea tank, and this is a very quality critical product. Being an emission-regulated product, we wanted to have the quality parameters right in the first three years. So we will now move on to the passenger cars maybe after one year or two years.
- Abhishek:** And in the plastic moulded part, how much contribution from the four-wheeler business?
- Anmol Jain:** Well, there's a significant contribution. I mean, obviously, if you -- it depends what you classify. I mean, IAC is all plastic interior systems as well. But if you talk about the legacy products, there is a decline in the plastic business on a Q4-to-Q4 basis. That's primarily because -- or Q3 to Q4 basis. That's primarily because of the HMSI volumes going down. But the four-wheeler plastic business with the legacy business is definitely growing, and we've added significant products from Maruti Suzuki in that business.
- Abhishek:** And how would be the mix going ahead if I talk about on a stand-alone basis, four-wheeler business?
- Anmol Jain:** Your question is unclear, Abhishek. Going forward what do you told? I didn't understand the question?

Abhishek: So you won the business from the Maruti. So I just wanted to understand what is the size of the business and how the -- this will change in the plastic moulded part in the coming days? Because right now that -- most of the business comes from the two-wheelers only. Going ahead, the numbers will increase from the Maruti, how will be the mix?

Anmol Jain: So as I mentioned in my opening remarks, the company is sitting on a INR900 crores order book, out of which INR500 crores is from IAC, INR400 crores is from the other businesses. And out of the total pie of INR900 crores, almost 65% of the business is coming from passenger car segment.

So that by itself should give you a clear indicator that going forward, the pie of passenger car is likely to move up further compared to what it has already come to. If you look at from the last two to three years, today in FY '23, the passenger vehicle segment is about 30% of our revenue and two-wheeler, three-wheeler is only about 37%. So it's almost net-to-net. Clearly, FY '24 onwards, with consolidation of IAC, this would hugely change.

Abhishek: And my last question on the aftermarket business. So in last two years, the aftermarket business showed a very impressive growth. In this situation, how can we see the growth in coming years? It will be moderate to -- 8% to 10% or you will see double-digit growth in aftermarket business?

Anmol Jain: I have always mentioned that aftermarket, our midterm plan is to double the revenue in a period of about three to five years. I mentioned this almost two years ago or 1.5 years ago. We are on track to achieve that. So you will continue to see a pretty robust growth in aftermarket, even in FY '24 and onwards.

And Abhishek, just to come back to your -- PAT on IAC, that's INR61.5 crores PAT on IAC last year, FY '23.

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

Apurva Mehta: Congrats on the great set of numbers. Just wanted to know your long-term view of your company, where do you see your company in the next three years' time? We have lot of subsidiaries. And can you just let us know each of the subsidiaries where we look -- because a lot of subsidiaries are not started performing. So when can we see that going on stream and what is the road map of the subsidiary?

Anmol Jain: I think very clearly, the stand-alone entity continues to grow even in the FY '23. If you see 72% is on the stand-alone entity. Stand-alone entity comprises, as I said, aftermarket. As already mentioned, that will continue to grow at a pretty robust handsome rate.

Apart from that, the lighting business and the plastics business will also continue to grow, largely because of, A, new order acquisitions from four-wheelers and also certain technological changes in the lighting space, which we cater to only one customer being Bajaj Auto. Now also

the metallic being merged into the stand-alone entity, that itself also will grow. So stand-alone entity will grow at a pretty double-digit rate, at least better than what it has grown in the last three to five years.

Coming to the subsidiaries. I think Mannoh and Cornaglia, both the joint ventures are pretty solid in terms of their order book. Mannoh continues to be the market leader for its product line, and we see a good traction. We have a good order book. So all the way to next three years, we see good growth in these two joint ventures. IAC clearly is one which we've just got into. It has a huge upside. It has, as I mentioned, a strong order book of already INR500 crores, which we are sitting on, which will get executed over the next two to three years.

And apart from that, we continue to remain in dialogues with other key OEMs to expand our current share and also tap into other OEMs with providing them a value-added solution. So IAC clearly will have its own growth trajectory. And then, if you look at the recent joint ventures, be it the Lumax, Alps Alpine, which is also sitting at a very robust order book, the Lumax Yokowo and the Lumax Ituran. These three are the recent joint ventures and all three will substantially see scaling up in FY '24 itself because some of the order book will get executed. So I think we will be pretty much delivering on all and that is going to be visible very clearly in our FY '24 growth story.

Apurva Mehta: On FY '24 numbers, we should be around INR3,000 crores to INR3,100 crores numbers including IAC?

Anmol Jain: I'm not sure what the number would be. But definitely, we will be having a significant growth. If you look at our growth in the last year, the growth was approximately 23%. So we would definitely be looking at upwards of probably 30% or plus growth in FY '24.

Apurva Mehta: That is excluding IAC what you are talking about? Even IAC itself will be giving you a turnover of INR750 crores to INR800 crores.

Anmol Jain: Excluding IAC the growth would be maybe, almost close to 50-odd percent or maybe higher.

Apurva Mehta: And the margin structure going ahead, do we see margins because we were at -- Q2 increased 11.5%. And for the full year, should we expect to be at 13%, 13.5% kind of thing.

Anmol Jain: So I think if you look at FY '23, we've already closed at 12.1%, where a significant part of it was self-driven without IAC really contributing much. As I mentioned earlier, IAC continues to operate at a similar or higher operating margin.

So yes, I have always maintained that team EBITDA is our first endeavour. And surely, we will be able to expand margins both with the help of IAC and also with the traditional businesses, the operating leverage on higher revenue, scaling up of the existing joint ventures. So I think, yes, we will be definitely in the teenage -- teen EBITDA margins going forward in FY '24 onwards.

- Moderator:** Thank you. Our next question is from the line of Kanika Kothari from Kothari Securities. Please go ahead.
- Kanika Kothari:** So my first question was that, we've seen fabrication revenues dropping from 18% to 13%. So is there any reason behind that?
- Anmol Jain:** Well, it's directly linked with Bajaj Auto. The fabrication is clearly driven by Bajaj Auto's own volume. So if you look at Bajaj Auto, it on a full year basis has degrown by 8%, but we are mostly on the export models, which have degrown at a much larger rate because of the external dynamics in these overseas countries. So it's a short term, let's say, downfall. We definitely expect recovery in FY '24 onwards, but there is no business loss.
- Moderator:** Thank you. Our next question is from the line of Jehan Bhadha from Nirmal Bang. Please go ahead.
- Jehan Bhadha:** Sir, my question is on the quarter 4 revenue growth number. If we exclude the IAC contribution, then revenue growth would be around 6-odd-percent year-on-year, which is comparatively lower than what our OEM clients have done. So any specific reason for the lower Q4 growth?
- Anmol Jain:** You're right. Actual Q4 of '22-'23 would be about 6% on a year-on-year basis without IAC. The fundamental reason is based on our demand of the OEM. Bajaj Auto, which is the largest piece of the pie, also de-grew. Specifically in quarter 4 they de-grew by 4%. But again, certain models, which we were on, degrew much more. And also HMSI, if you look at their quarter 4, they have degrown by almost 25% to 27%.
- And again, a substantial part of our plastics business is dependent on HMSI. So it's just because of the two-wheeler volume drop, you do not see the, let's say, growth coming in quarter 4. Most of this growth has come in from the passenger vehicle segment, which has performed well and delivered on Q4. But again, it's a temporary phenomenon. We do expect this recovery to happen in FY '24, both on the two-wheeler and of course, the passenger car vehicle itself.
- Jehan Bhadha:** Right. Yes. In fact, sir, for April and May, Bajaj Auto numbers have been very good also. But one more observation is that for the full year, most of the passenger vehicle and two-wheeler OEMs have guided for a high single-digit kind of growth number. Whereas our guidance is much higher. I mean, so from where will this growth come from? How much -- if you can divide the growth between stand-alone and the JVs, what will contribute to the overall growth of 30% that you are guiding?
- Anmol Jain:** So number one, the growth for us is not necessarily just dependent on the volume. As I mentioned, there have been recent joint ventures, which will be scaling up in FY '24. So for us, that is completely new revenue that is, let's say, introduction of certain new models. So that is for the first time business, which is not dependent on the incremental volume from last year to this year.

Also, just to give you a number, without IAC, the growth is almost 15%, which we are envisaging between 12% to 15% for FY '24. So again, it is in line with what you see from an OEM's outlook. So if you dissect the growth in two buckets, one is with IAC and one is without IAC, you'll probably see a similar trend in without IAC piece. But again, as I mentioned, a lot of the joint ventures are scaling up, and that would add and also the aftermarket, which is not really dependent on any volume indicators from OEM, will continue to grow at a handsome rate.

Jehan Bhadha Sir, so, if what I've understood is correct, stand-alone company will grow at around 12% to 15%, and there will be a higher contribution from JVs, which will lead to much higher rate? That's correct?

Anmol Jain: That's correct.

Moderator: Thank you. Our next question is from the line of Shubh Jain from Emerge Capital.

Shubh Jain: My question is, sir, what is the net-debt, I think, from post the acquisition? And are we done already borrowing to fund the acquisition?

Anmol Jain: Shubh, we'll answer this question, but I'm not hearing clear on speaker phone, but it's a bit of an echo in your voice. So after this, maybe there is another question, you could just come on the handset.

Sanjay Mehta: Net debt is around INR147 crores. If I go with that -- my debt equity ratio, it is 0.2%, post IAC because we have taken INR375 crores loan of IAC. So that is why my gross debt right now is INR407 crores and net debt is INR147 crores. I think I'm able to clarify.

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

Abhishek: Sir, what sort of the synergy benefit do you see for a stand-alone business due to the acquisition of IAC, sir?

Anmol Jain: So there's a lot of opportunity. I think, number one, from a product supplier, we are obviously getting into a whole system supplier to the OEMs. There is, obviously, as I mentioned, there will be a lot of synergies between the lighting and the plastic interior systems. Interior lighting is going to be an integral part of the whole interior solutions. So that is something, which we are expecting to garner with the OEM share going forward.

Also, I think there will be a lot of synergies in terms of cross-selling of products. We do a lot of -- for example, the power windows switches or the steering angle sensors and the entire cockpit and the entire door panel is also done by IAC. So integration of these parts, also the gear shifter system, which goes under the central console. So the idea is to move up the ladder instead of giving multiple parts, maybe speak with the OEMs and get a complete modular system to be supplied, and that's why we're going to go up the value chain with higher contribution per vehicle and also the higher margins in the due course.

- Abhishek:** And are you paying any royalty fee to the IAC parent company because of the technology?
- Anmol Jain:** There is no royalty arrangement and most of the technology innovation engineering reps in India, within IAC India. They have pretty much full competency and self-engineering capabilities where we actually do a lot of design services for the IAC global facility. So the dependability on IAC global is miniscule. Most of the innovation and engineering is done in-house within the IAC India design engineering centre.
- Abhishek:** And how much is the imported content in the IAC India?
- Anmol Jain:** t's negligible. More than 95% of the value chain is localized in IAC.
- Abhishek:** And how is the mix export versus domestic, sir, in revenue, sir?
- Anmol Jain:** Domestic play, we do some exports which are about -- close to 5-odd-percent or less than 5% of the revenues, but it's largely domestic play with a strong presence in the passenger vehicle segment.
- Abhishek:** And is there any opportunity to enter into the non-automotive segment after the acquisition of the IAC India?
- Anmol Jain:** We will continue to focus on automotive, Abhishek. We don't have any strategic plans to diversify into non-automotive.
- Abhishek:** Okay, sir. And what is your consolidated margin guidance, including IAC India for FY '24-'25, sir -- '24, sir?
- Anmol Jain:** So as I mentioned, think if you look at the current numbers, which we closed in FY '23, it stands at about 12.1% EBITDA level. My guidance is very clear that in -- with the operating leverage, we will get into the teen EBITDA margins and hopefully sustain that. So probably between 13% to 14% is what I envisage.
- Abhishek:** So that's something around INR150 to 200 BPS margin expansion?
- Anmol Jain:** Yes, probably looking at long term expansion in FY '24.
- Abhishek:** And in oxygen sensor business, how is the outlook, sir? Any revenue from that business in FY '23?
- Anmol Jain:** Which business?
- Abhishek:** Oxygen sensor.
- Vikas Marwah:** So on oxygen sensors, if we -- please, refer to the earlier investor calls, your company continues to maintain an order book of INR125 crores, impacted by the regulation effect, but hoping to make up a bit of that revenue. Even in FY '24, we are hoping to be doing about INR20 crores

revenue this year on oxygen sensors, and then we'll have to wait till April 2025 for the second oxygen sensor to come into the vehicles and then gain traction.

Moderator: Thank you. Our next question is from the line of Aryan Saluja who is an individual investor. Please go ahead.

Aryan Saluja: Sir, actually, I have a question related to cash flow. So as we have taken loan of around INR200 crores to INR300 crores on long-term basis and almost INR150 crores – INR140 crores is other financial liability and current liabilities. There must be some interest cost also expected in the current year, and how you are planning to repay the current liability as there is not much growth expected in PAT levels as EBITDA is only 15% for IAC? And is there any chance of default on repayment of current liabilities?

Sanjay Mehta: So I think I'll just explain right now, I'm having cash and equivalent almost around INR260 crores. The interest in this year was almost around INR52 crores, which will go to INR75 crores in the next financial year. And as explained, we have a robust debt EBITDA. So I think probably the -- because the long-term loan is for one year moratorium, rather we are going to repay the loan back.

Aryan Saluja: Okay. And is there any synergy benefit out of IAC acquisition?

Anmol Jain: I think I just mentioned that five minutes ago. I'm not sure, if you were on the call, but I'll -- for your benefit, I'll just repeat that. I think there is a lot of synergy. Number one, there is a lot of cross-selling of products where we make a lot of products, for example, the switches, the gear shifters, certain steering angle sensors and other internal parts. Now we can supply them as a system -- as a consolidated system supplies to the OEMs on the door panels, on the IP.

Also, the synergies are very clear that interior lighting space is something which we know best, and we can now sell the interiors along with the internal lighting, where Lumax can play a vital role, and IAC continues to front-end the customer with the whole internal dynamics. So these are two of the product synergies, which I foresee in the very near future.

Apart from that, obviously, leveraging the relationships and the presence of Lumax across various OEMs, we will obviously open a lot more doors and try to grow the footprint of IAC with new customers as well as deepen the wallet share with current customers.

Moderator: Thank you. Our next question is from the line of Harshil Shah who is an investor. Please go ahead.

Harshil Shah: Sir, can you explain the potential of Ituran and Alps Alpine, how big their revenue can be over like three, four years and in the near term?

Vikas Marwah: All right. So these are two technology-intensive joint ventures, and our company has very high hopes riding on the order book generation capabilities of these joint ventures. Ituran is telematics specific joint venture, whereas Alps Alpine is supplying mechatronic products. The

range is huge. Ituran gets into volume and value kind of a projection this year with a large global customer. We would not like to be very, very speculative, but we can assure you that triple-digit revenue for both the joint ventures is foreseeable as early as next 18 months to 24 months.

Anmol Jain: And just to add to what Vikas mentioned, out of the INR900 crores order book, almost INR100 crores is between these two joint ventures of Lumax Ituran and Lumax Alps.

Harshil Shah: Great, sir. And sir, you just mentioned INR70 crores interest cost. Right, sir, for FY '24?

Sanjay Mehta: Yes. INR52 crores, next year, it would be INR75 crores.

Harshil Shah: INR75 crores. Okay, sir. And sir, what is the size of tooling business of IAC? Because this turnover that you mentioned is excluding tooling business, right?

Sanjay Mehta: Yes.

Anmol Jain: So the INR675 crores number which I mentioned is excluding tooling, but the tooling revenue would be, give or take, similar in terms of the margins. So it will not really dilute the margins, which I mentioned earlier. It would just pretty much stay in the same vicinity.

Harshil Shah: But like sir, can I take INR50 crores to INR60 crores of base, base figure for FY'23 for tooling?

Anmol Jain: Yes, I think it's about INR40 crores, INR45 crores of tooling revenue for FY '23.

Harshil Shah: And sir, the order book you mentioned is INR500 crores for IAC, right?

Anmol Jain: That's correct.

Moderator: Thank you. Our next question is from the line of Shubh Jain from Emerge Capital. Please go ahead.

Shubh Jain: Sir, you mentioned that the interest cost will rise from INR52 crores to INR70 crores. That INR52 is currently the depreciation amount for this current year?

Sanjay Mehta: I'm sorry, it is INR16 crores.

Shubh Jain: Yes. So it will rise from INR16 crores to INR70 crores?

Sanjay Mehta: Yes. Long term -- INR41 crores has been there. I'm sorry.

Shubh Jain: No problem.

Moderator: Thank you. That was the last question of our question-and-answer session. I would now like to hand the conference over to the management for closing comments.



Anmol Jain: Well, I take this opportunity to thank everyone for joining the call. We will keep updating the investor community on a regular basis for updates on your company. I hope we were able to address on your queries. For any further information, please get in touch with us or Strategic Growth Advisors, our Investor Relations Advisors. Thank you once again. Stay safe.

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