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Operator: Good day and welcome to the Lumax Auto Technologies Ltd. Q1 FY25 earnings conference call. This conference call may contain certain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anmol Jain, Managing Director. Thank you, and over to you, sir.

Anmol Jain – Managing Director: A very good afternoon, everyone, and thank you for joining us for the Lumax Auto Technologies Ltd. Q1 FY25 earnings conference call. It is always a pleasure to welcome you all. I am joined by our leadership team today, including Mr. Deepak Jain, Vice Chairman; Mr. Sanjay Mehta, Director and Group CFO; Mr. Vikas Marwah, CEO of the company; Mr. Ankit Thakral, the CFO of the company; Mr. Naval Khanna, Corporate Head, Taxation; and Ms. Surbhi Chandna, Group Head of Investor Relations and Value Creation, along with our investor relations advisor, SGA.

We have uploaded our earnings presentation on the stock exchanges and the company's website. I hope everybody had an opportunity to go through it. Before discussing the company's performance, let me briefly touch upon the broader macroeconomic environment. The global economy continues to navigate a challenging geopolitical landscape, with the ongoing conflict in the Middle East, heightened concerns around energy security, supply chain disruption, and inflationary pressures. Encouragingly, the past few months have witnessed signs of de-escalation, providing some stability to the global markets, although the situation remains fluid and warrants close monitoring.

India, while not entirely insulated from these global developments, has continued to stand out as one of the world's fastest-growing major economies. Strong domestic demand, sustained public capital expenditure, and a resilient manufacturing and services sector have supported economic momentum. Despite the challenging operating environment, the Indian automotive industry has delivered a strong start to FY25, with production witnessing healthy growth of 22% year-on-year and all major vehicle segments reporting good traction. Passenger vehicle production increased 17% year-on-year to 14.5 lakh units, commercial vehicle production grew 15% to around 3 lakh units, two-wheeler production rose 23% to 72.5 lakh units, while three-wheeler production recorded the strongest growth of 39% to 3.5 lakh units.

The broad-based growth in production was led by lower GST rates, easier financing, and new model launches, leading to resilient consumer demand. In Q1 FY25, passenger vehicles, commercial vehicles, and three-wheelers recorded their highest-ever first-quarter sales, while exports across all vehicle segments also reached record levels. Improved monsoon conditions and stable inflation further supported demand, particularly in the rural markets. As we enter the festive season, demand is expected to remain healthy, with many leading OEMs reporting low inventory levels. The industry continues to closely monitor commodity prices, geopolitical developments, and supply chain dynamics that could influence input costs and overall market sentiment.

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Speaking on the company's performance, we have commenced FY25 on a strong note, with robust revenues and profitability. Q1 FY25 revenue of Rs.1,364 crores grew 33% year-on-year, with EBITDA of Rs.205 crores, up 51% year-on-year, and margins of 15.1%, an expansion of 190 bps. Profit after tax for the quarter stood at Rs.99 crores, registering growth of 83% year-on-year.

Coming to the order book, we are pleased to report a robust order book of Rs.1,600 crores, which provides healthy visibility for the business going forward. Of this order book, approximately 24% is expected to be executed in this financial year, FY25 itself, 56% in FY26, and the remaining 20% in FY27. The order book continues to reflect healthy traction across all our product verticals, with advanced plastics contributing the largest share, followed by mechatronics, alternate fuels, and structures and control systems.

To support our growing scale, several expansion projects are underway. To highlight a few key projects, a new plant at Chakan for the IAC division will cater to upcoming demand from Mahindra & Mahindra, while simultaneously optimizing product lines between this facility and the existing one. The previously announced mega mechatronics plant in Manesar, Haryana, is expected to be commissioned by Q3 of this year, where we are consolidating four entities—Lumax Yokowo, Lumax Alps Alpine, Lumax Ituran, and Lumax FAE—under one roof to optimize resources and fixed costs.

At Green Fuel Energy, we are pleased to report that we have onboarded Mahindra as a new customer, and to cater to its requirements, we will be setting up a new facility in Nashik. In closing, while we remain watchful of the macroeconomic uncertainties, commodity inflation, and energy price volatility, the overall demand environment and industry outlook continue to be favorable, giving us confidence for the near term.

In the long term, our compass remains our 20-20-20-20 vision, aiming for a 20% revenue CAGR from 2025 to 2031, inching closer to a 20% EBITDA margin over the next 5-7 years, and by FY31, aspiring to more than double our current revenue base to upwards of 10,000 crore, fueled by a blend of organic excellence and strategic inorganic opportunities. With this, I would now like to hand over the call to Mr. Ankit Thakral, the CFO of the company.

Ankit Thakral - CFO: Thank you, sir. Thank you very much, sir. Good afternoon, everyone, and thank you for joining us today. Q1 FY25 has commenced with solid revenue growth, reaffirming the strength of our evolving and well-balanced portfolio. This performance is a direct outcome of our disciplined execution of the strategy and sustained focus on innovation, premiumization, and deeper alignment with high-growth mobility platforms.

Let me now take you through the key financial and operational highlights for the quarter. Profit before tax, before exceptional items, for Q1 FY25 stood at Rs.132 crores, up 78% from Q1 of last year. The effective tax rate continues to remain around 25%, which is also expected to hold at similar levels going forward. Profit after tax and before minority interest for Q1 stood at Rs.99 crores. The share of minority interest for Q1 stood at 12% after the strategic consolidation at the standalone level, which is expected to remain in a similar range going forward, considering the existing structure.

With respect to the division-wise breakup, beginning with the advanced plastics division, this segment reported strong year-on-year growth of 47% in Q1 FY25, with revenue increasing from

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Rs.525 crores to Rs.769 crores, led by strong growth in the IAC business, which commands approximately 60% share in this division. The order book remains strong at Rs.787 crores for this division, providing solid future visibility.

The mechatronics segment sustained its upward momentum, delivering a year-on-year increase of almost 56% in Q1 FY25, from Rs.54 crores to Rs.84 crores, with a very healthy order book of close to Rs.500 crores. Turning to the structures and control systems vertical, it reported year-on-year growth of 21% in Q1, increasing from Rs.180 crores to Rs.220 crores, with an order book of Rs.130 crores.

The aftermarket segment showed growth of 6% year-on-year, from Rs.98 crores to Rs.104 crores, mainly due to a dip in the non-lighting product category. However, we are confident that we will bounce back and post double-digit growth for the remaining part of the year in this particular segment. The alternate fuel business showed growth of 17% year-on-year, from Rs.95 crores to Rs.111 crores, with an order book of Rs.200 crores.

Capex during the first quarter was Rs.23 crores. The guidance for the full year continues to remain around Rs.300 crores, which will include the upcoming greenfield expansion of mechatronics as well as the new plant of the IAC division. These investments are aimed at unlocking medium-term revenue growth and supporting localization efforts across key platforms.

As of June 2024, we continue to maintain a strong balance sheet and a healthy liquidity position. Free cash reserves stood at Rs.416 crores, providing us with the financial flexibility to support ongoing investments and navigate market pressures confidently. Long-term debt stood at Rs.508 crores, resulting in a conservative debt-equity ratio of 0.32, which is within our internal comfort threshold. With this, we conclude the operational and financial overview. We now open the floor for questions. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press "*" and "1" on their touchtone telephone. If you wish to remove yourself from the question queue, you may press "*" and "2". Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Before we proceed, in order to ensure that the management is able to address questions from all the participants, please limit your questions to 2 per participant. We take the first question from the line of Amit Hiranandani from PhillipCapital. Please proceed.

Amit Hiranandani – PhillipCapital: Thanks for the opportunity, and congratulations to the whole team for one more excellent set of performance. All the best wishes for the coming year. My first question is regarding the 33% top-line growth in Q1, the better demand scenario for the automobile industry, and the superior margin performance in Q1 as well, despite input cost pressures. Are we revising our guidance for this ongoing fiscal year?

Anmol Jain – Managing Director: Amit, thank you again. We have got off to a good start in Q1 FY25. As of now, we continue with the same guidance. Please be mindful that Q1 and Q2, compared to last year, were also sitting at a very low base, and hence the growth across the industry in terms of percentage growth will be quite robust and quite handsome. However, as we get into Q3 and Q4, overall, as an industry, the growth rates will reduce significantly because last year, post the GST

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rationalization, H2 had already delivered very high growth. On the margins front, I can only say that we will be able to sustain the current margins achieved in Q1 for the remaining part of the year as well.

Amit Hiranandani – PhillipCapital: Right. Secondly, one important comment that I was reading in your latest annual report, which I am quoting, says that management believes the industry is moving from mechanical vehicles to intelligent connected vehicles, and Lumax wants to capture that value migration. I just want to understand this a little better. Where are we heading, and is there anything on the table for non-linear growth prospects?

Anmol Jain – Managing Director: Sure. Vikas, do you want to take that?

Vikas Marwah – CEO: Sure. Amit, thank you for your question. If you see the entire DNA of Lumax Auto Technologies evolving, [inaudible]

Management: [inaudible] technology, where margin expansion is also happening and we are moving to more future-critical products. We have now taken a defined path in sensing technology, which is captured through our throttle position sensors and steering angle sensors from our JV. We are going to introduce identification components such as RFIDs from our telematics division. Control components are coming from very advanced PCUs, which were launched in the current quarter, to the market—the body control modules.

The connectivity platform is coming from our telematics control unit and antenna system, and the interactive HMI systems are coming from our gear shifter division, Lumax Mannoh, which is getting into intelligent solutions that will capture software-driven inputs coming through ADAS and domain controller components. All of this is therefore moving Lumax Auto Technologies towards a more connected, sensing, thinking, and interactive portfolio. This is our future technology story, supported by the SHIFT centers that we opened in Bangalore for software-driven products.

Amit Hiranandani – PhillipCapital: As a follow-up on this, are we looking for any kind of non-linear growth prospects from the connectivity side?

Management: We are currently completely banking on the product requirements that we have received from the OEMs. There are 5 new products, completely new to Lumax Auto Technologies, all in the intelligent, connected, and software-driven space, which are being launched in 18–24 months. The first such launch has already happened—the body control module.

We are cognizant of the market demand scenario and do not want to overreach or overstep by installing any capacity that the market is not yet ready for. Therefore, we are proceeding in a very planned manner of growth.

Amit Hiranandani – PhillipCapital: Noted, sir. I will come back in the queue. Thank you for all the answers.

Operator: Thank you. We take the next question from the line of Neerav Bora from Equirus Securities Private Limited. Please proceed.

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Neerav Bora – Equirus Securities: Thank you for taking my question. My question is basically around the margin. Given the commodity inflation that we saw this quarter, where plastics were up around 30–40% and other commodities also moved up, our margins held at a very decent level of around 14.9%. Can you throw some light on how the negotiations happened and what kind of pass-through occurred in terms of raw material cost pass-through? Were OEMs very prudent in terms of monthly pass-through? Normally, we see a quarterly or a six-monthly cycle. Please provide some color on how we managed our margins.

Management: Neerav, thank you. First and foremost, on the margins front, even if I were to go back to FY24, during the H2 portion of FY24, the company was almost at a similar margin of about 14.9%. Currently, {? 15.1% ?} for Q1 is again something that we further expanded from there.

Largely, when it comes to the inflationary costs of raw materials, you are absolutely right that plastics did go up. However, for plastics as a commodity, we usually have a back-to-back arrangement with most of our OEMs and we realize the increase within the same quarter as well. Only for a few OEMs might the spillover happen in the next quarter, but I would say that, to a great extent—80–90%—we get the realization within the same quarter.

If you look at our division-wise portfolio, more than half of our revenue comes from the advanced plastics division, and hence we were able to pass the benefit of the inflationary costs back into our P&L. The other commodity that has usually risen in the recent past is electronics, which has gone up by even beyond 30%, 40%, or 50% in some cases or for certain particular electronic components.

Fortunately, the company's portfolio in electronics still remains low. I think the mechatronics division is still only about 6–7% of the total pie, and that is the reason we did not see a significant impact from electronics, which usually takes a longer time to realize, unlike plastics raw materials. Because of our low footprint as of today, we were able to maintain our margins. Again, as I said, the guidance for the remaining part of the year remains intact as well.

Neerav Bora – Equirus Securities: Thank you for the answer, sir. My second question is on Green Fuel. We also announced in the opening remarks that we are getting Mahindra as a customer through Green Fuel. I wanted one clarification: is this for LCVs or PVs in Mahindra's future plan? More importantly, Green Fuel's growth was very strong this quarter, and the margins were also stronger. If we see margins of around 23%, as shown in the presentation, how much of this would be a higher other-income element, and how much would be operational margins showing a strong improvement driven by a product that we may have added during the quarter?

Management: On the first part of your question, our penetration into Mahindra is for its passenger vehicle segment. Mahindra has also publicly announced that it wishes to enter the CNG space for some of its models. We are happy to inform you that we have the business for the CNG delivery system for the first model. Therefore, it is for the passenger vehicle space, not the LCV space.

In terms of the margin, perhaps Ankit can throw some light on whether there were certain one-time exceptional gains for Q1 in Green Fuel. However, I would definitely say that, given the long-term perspective, we should look at a sustainable margin of more like 19–20%. A 23% margin seems slightly higher than what we usually anticipate, but Ankit, if you can throw some light on that.

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Ankit: Yes, that is correct. Mehir, there was an amount of around {? 3-odd crores ?} specifically for the Green Fuel division, impacting EBITDA margins by around 3%. This was a one-off resulting from certain tooling revenue from an existing customer. If we remove that amount, the normalized product-wise operational EBITDA margins will be at a level of around 20%, which we expect to continue for the remaining part of the year as well.

Neerav Bora – Equirus Securities: All right, sir. Lastly, just one question, if I may. If we look at the customer mix and customer growth this quarter, Bajaj Auto comes out as a surprise. Its volume growth was around 15-16%, but our revenue growth has been around 64% year-on-year in terms of Bajaj. Please provide some color on what is driving this. Are we entering into some new products with Bajaj, or is the content of our polymer products specifically [inaudible], or what is driving this strong growth from Bajaj Auto?

Management: Let me first give you a broader perspective. As I have mentioned in the past, the key growth drivers for Lumax Auto Technologies over the next few years are primarily 4.

Number one is wallet-share expansion with respect to our current products across OEMs. Number two is the value content increasing on account of premiumization. Number three is localization, where we will be able to localize many of the products that the OEMs are currently importing, and hence, for us, that represents significant growth starting from ground zero. Number four is a new technology play, where, as Vikas mentioned earlier, the mechatronics division has many products related to connectivity and sensors.

These 4 factors are largely our growth drivers in the OEM space. Of course, aftermarket is a separate growth driver. Now, answering your specific question on Bajaj, it is largely a wallet-share expansion and entry into certain newer models where we were not present in the past.

If you look at the metallics division, it has also shown growth of close to 37-40% in Q1, largely because of our entry into new frames for other models. I think this growth will continue to drive our performance. We are very strong on a platform such as Chetak, both for the lighting business as well as the frame business. As we all know, Chetak as a platform is going to ramp up significantly. It has already ramped up, and I think it will ramp up significantly going forward as well. So, it is purely a wallet-share expansion.

Neerav Bora – Equirus Securities: Understood, sir. Thank you for the answer.

Operator: Thank you. We take the next question from the line of Apoorva Mehta from AM Investments. Please proceed.

Apoorva Mehta – AM Investments: Congratulations to the team. It is a great set of numbers during this challenging time. My question is regarding the mechatronics division. Over the next 2-3 years, what will be the wallet share of our mechatronics business? Electronics is one of the areas that we are looking at as a major growth driver for all companies. Where do we stand on that front?

Management: Perhaps I will have Vikas answer that, but I think mechatronics overall was one of the key growth drivers for Q1. The whole division grew by almost 55-56% year-on-year. The order book looks quite healthy with respect to mechatronics. I will let Vikas throw some light on the future

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growth prospects of mechatronics over, say, 3–5 years.

Vikas: Thank you, Apoorva. Currently, the flagship products that we have discussed with the markets and the investor community are switches, sensors, antennas, and telematics in the mechatronics segment. For the first time, we are also announcing our entry into advanced PCUs, which are body control modules.

These are only 5 broad headings under which you currently see us discussing our activities. There are at least 22 new sub-product categories that are currently on our radar. We continue to be either in a state of POCs with customers, receiving RFQs, or continuing to work on them in our R&D centers and along with our JV partners.

I do not think giving a number for the mechatronics market-share position would be the right way to look at it. It needs to be viewed product-wise. We can tell you our ambitions very clearly. Let us take a connectivity flagship product such as a vehicle communication antenna system—in common parlance, let us call them shark-fin antennas. Our stated position would be that, as with any other flagship product coming from Lumax, whether lighting or gear shifters, we would like to be among the top 2 players in the next 3–5 years in this fast-emerging segment.

Again, on the switches and sensors side, we should be able to consolidate our position among the top 2 players in the country over the next 3 years. However, there are different subcategories within this. Mechatronics is definitely poised for a very aggressive play. We currently have a Rs.400–500 crore order book, and this could continue to be a growth driver for Lumax Auto Technologies going forward.

Ankit: Just to supplement that and provide some color, if you look at mechatronics, for the full year we should be recording approximately Rs.400 crores of revenue in this fiscal year as a division. By FY30–FY31, we should definitely be looking at close to Rs.1,000 crores of topline from the mechatronics division. That is the kind of growth potential we are anticipating in mechatronics.

Apoorva Mehta – AM Investments: Great to hear, sir. On the ADAS front, where do we stand? We have started the Bangalore facility for research and work on ADAS. Are we looking for partners from different countries, such as China, Taiwan, or Japan, or somewhere else, where we can enhance the share of that component?

Management: A lot of work has already started on various technologies with respect to ADAS. Most of this work is driven by our SHIFT teams in Bangalore. There are many POCs from multiple OEMs on which we are currently working.

As of now, we do not have any requirement to partner with companies outside India. However, if that need arises, we would be happy to utilize our China Group Resource Center and determine whether we need to partner with specific specialized companies.

Management: We would like to add to what Anmol is saying. There are 2 ways of looking at ADAS. One is a vehicle-compliance-driven ADAS system, which you hear about, and the other is ADAS connectivity with the existing components that we are bringing in.

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I will give you an example of RFIDs and TCUs from our telematics division. They are also V2X enablers, and the TCU becomes the connectivity and data backbone around ADAS. Therefore, the ADAS capability at the DNA level is already very much present.

From a future perspective, we are of course looking at compliance-led ADAS introduction. As Anmol mentioned, we are in advanced stages of a POC on an advanced driver-assistance system for a major OEM, and probably in another 2 quarters we should be able to share the results with you and explain how it becomes a business case.

Apoorva Mehta – AM Investments: Great to hear, and congratulations once again. I wish you all the best.

Management: Thank you. Thanks.

Operator: Thank you. We take the next question from the line of Shasank Kanodia from ICICI Securities. Please proceed.

Shasank Kanodia – ICICI Securities: Good afternoon, team, and congratulations first of all on the solid performance. My first question is regarding minority interest. In this quarter, you reported minority interest of 12% on the PAT that you reported. Do you have any guidance going forward on the rate that we should assume in the model?

Management: Shasank, you stated it correctly. For Q1, minority interest is 12%. After the consolidation or merger of IAC, and subsequently Lumax FAE becoming a 100% subsidiary, going forward this minority interest will remain in a similar range of 11-13%, considering the existing structure at present.

Shasank Kanodia – ICICI Securities: Understood. Second, when you mention your order book and display the classification for 3 years, this is the annualized revenue that we should realize over and above our base business, correct?

Management: Yes, that is correct.

Shasank Kanodia – ICICI Securities: It is the annualized revenue, correct?

Management: Yes, that is correct. This is the annualized revenue.

Shasank Kanodia – ICICI Securities: Given the fact that the industry is guiding for roughly 10-12% volume growth, with some price hikes as well, and you mentioned Rs.300 crores of additional revenue this year, should we be closer to Rs.6,000 crores of revenue this year and in excess of Rs.7,000 crores next year?

Management: I think the other way to look at it is that we should be in line with our 20% CAGR. Last year, we grew by almost 34%, which was an exceptional year for us. This year, as I mentioned earlier, when you look at Q1, you are looking at significant growth at the industry level. Almost all the segments have reported growth. As I mentioned, passenger cars grew 17%, two-wheelers 23%, and commercial vehicles 16%.

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However, these growth rates will start to slow down as we enter Q3 and Q4. This will not be because demand will slow down, but purely because the base will become significantly higher in FY26 post the GST rationalization. For the current year, I think we may not be looking at—I mean, it would be unfair to say that we should be looking at—a Rs.6,000 crore mark because, again, from Rs.4,870 crores, I would say that, given a 2-year horizon covering FY27 and FY28, it is very safe to presume that we should be able to deliver a 20% CAGR.

Shasank Kanodia – ICICI Securities: Right. Initially, we had guided for 15% organic growth, and including inorganic growth we were supposed to deliver 20%. However, right now, given the increase in our order book and our customer base, we are delivering 20% organic growth. Is that understanding correct?

Management: The 20% CAGR over the long run is still what we maintain. Yes, we had given a 15% organic CAGR and approximately another few hundred crores of inorganic growth. As of now, we continue to maintain that. While the company does not have any immediate plans for inorganic growth in the current year, we continue to look at strategic fits for the next few years. However, I would still say that we should maintain the 20% CAGR growth for the overall company as a whole.

Shasank Kanodia – ICICI Securities: Understood. Last question, sir. Do we have any role to play in vehicle-to-vehicle communication? There have been increasing discussions about the government providing a regulatory push on that front. Could you provide some highlights?

Management: Yes, absolutely. Perhaps Vikas can provide more detail on that.

Vikas: I mentioned it earlier, but let me discuss it in more detail for clarification. The RFID systems that we are going to introduce as a compliance-driven initiative from the government through our telematics division are very much one of those systems where vehicle data is captured on the cloud and used for digital identification. RFID provides an identity service to the device.

In terms of V2X, we call it external intelligence, and that is provided through our telematics control unit. I am happy to share with you that we are now in the process of finalizing the order book with all 4 top OEMs in the country in the commercial vehicle space for these solutions, and you will see them coming to the market by the end of Q3. Due to NDA restrictions, we cannot discuss more about it right now, but that is {? [unclear] ?} to the customer.

Shasank Kanodia – ICICI Securities: Understood.

Operator: Apologies for interrupting, Mr. Shasank. I would request you to join the queue again, as there are several participants waiting for their turn.

Shasank Kanodia – ICICI Securities: Thank you.

Operator: Thank you. Before we proceed, a reminder to the participants: please limit your questions to 2 per participant. We take the next question from the line of Radha from Motilal Oswal. Please proceed.

Radha – Motilal Oswal: Hello, sir. Am I audible?

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Management: Yes, please go ahead.

Radha – Motilal Oswal: Congratulations on the numbers. My first question is: what are the key advantages that help Green Fuel win more business compared with competitors, who I believe are also quite formidable in the auto component industry?

Management: I think Green Fuel has a couple of unique advantages. Number one, this space does not have many competitors. There are only 2 or 3 large players in the space in which Green Fuel operates.

Number two, our technical capability, along with our technical partnerships with some of the global leaders with respect to the products that we offer, is something where we definitely score well ahead of the competition. That is the reason we are able to provide localized solutions for certain products that have historically been fully imported by major OEMs in India. I would say that it is largely our technical expertise and our partnership relationships that give us an edge over the competition.

Let me add to what Anmol said from a broader perspective. Number one, this is the first pure powertrain play for Lumax. That is CNG, and we are very bullish on CNG numbers growing both in passenger vehicle and commercial vehicle mobility.

Second, as Anmol said, the localization opportunity in CNG systems is massive. That is a win-win for both the OEM and the company. We believe that over the next 3–4 years, particularly in an area such as ferrule tubes, we should be able to acquire a good amount of market share and achieve import substitution.

With the acquisition, Lumax has been able to penetrate other customers and also increase Maruti Suzuki's wallet share. You will soon see the wallet share, particularly in items such as the sub-tank, being enhanced as well. Overall, we are very confident that we should be able to fast-track and accelerate the Green Fuel growth story. Thank you.

Radha – Motilal Oswal: You mentioned localization. We are already operating at 18% margins, which is very good for an auto-component product. Where can this localization lead to further margin expansion? What could be the maximum potential for Green Fuel?

Management: Localization is not particularly related to the current product line; it is actually related to the new investment that we have made. For the sub-tank, we recognize that Green Fuel is already at a good EBITDA margin level, and we would like to maintain that. Therefore, 18–20% should preferably be the range that you should look at for Green Fuel.

Radha – Motilal Oswal: Understood. My second question is about the aftermarket. I believe there have recently been some changes in our strategy, including the BlueChem partnership. The focus is now shifting to demand generation at the retail level, at the mechanic end, rather than being focused only on channel partners. Could you elaborate on the change in strategy and how this will help us generate higher growth compared with what we had envisaged over the last 3–4 years?

Management: Number one, the strategy is very clear. We would like to expand our product portfolio in the aftermarket, and that is where the specific example of BlueChem fits into the strategy of

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enhancing the product portfolio and product presence across the market.

Number two, we would like to significantly focus on secondary demand generation. Earlier, the strategy was more focused on relationships and management at the distributor level, without as much focus on retail pull. Now, through our own efforts, we have been able to create a significant effect on secondary demand generation.

Given that, we definitely expect at least 30–40% higher growth compared with the earlier aftermarket strategy. That is why I said that, if earlier we were growing at about 10–12% in the aftermarket, we are now looking at growth of perhaps 15% or more in the aftermarket.

Radha – Motilal Oswal: Understood. Would this also help us compete with OEMs that are themselves expanding further in the aftermarket?

Management: We cannot compete with the OEMs. The OEMs becoming much more aggressive in the aftermarket space will simply put more pressure on us in terms of our reach and margins. These OEMs have very deep pockets, and pricing certain parts at a very low cost is not difficult for them.

However, we still believe that there is a lot of opportunity for tier-one suppliers like us to continue growing in the aftermarket, despite the OEMs accelerating their activities.

Radha – Motilal Oswal: All right, sir. Thank you, and all the best to the team.

Operator: Thank you. We take the next question from the line of Pritesh Chheda from Lucky Investments. Please proceed.

Pritesh Chheda – Lucky Investments: I was not clear on your comment about the tools business or tooling revenue flowing into the numbers, the margin impact, and its continuity. Could you please repeat that statement? My second question is regarding the 18% and 16% margin numbers that you have presented for FY28. I am clarifying whether that is inclusive of other income, because that is how we communicate.

Management: Ankit, can you take that? I was not clear on the tools question, but I do not know whether Ankit was.

Ankit: I will answer the first part of your question, which relates to tooling revenue in the Green Fuel business. This was specific to Q1 because the Green Fuel business reported an EBITDA margin of 23% for Q1, which included approximately 3% from tooling revenue income. Excluding that, the product or operational margin was 20% for Q1, and it is expected to remain at similar levels of 19–20% going forward for the specific Green Fuel business.

Pritesh Chheda – Lucky Investments: Regarding the 16% margin in FY28, in the presentation and in your current communication, I think you are communicating 15%. Is that inclusive of other income? I am assuming that the 16% number is also inclusive of other income.

Management: Yes, absolutely. It is inclusive of other income.

Ankit: The 15% guidance that we provided at the beginning of the call is specifically for FY25. If we consider a CAGR of closer to 20% from FY25 to FY27, this translates into approximately

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Rs.800–850 crores of EBITDA for FY27. Considering a similar CAGR for FY28 as well, the EBITDA number comes closer to Rs.1,000 crores, which is mentioned in the investor presentation. If you do the mathematics, it comes out to a number between 15.5% and 16%, which is what we are targeting for FY28.

Pritesh Chheda – Lucky Investments: My question is whether it is inclusive of other income.

Ankit: Yes, it is inclusive of other income.

Pritesh Chheda – Lucky Investments: My last question is regarding the journey to a 20% margin. What will be the levers for the additional 400 bps?

Anmol: Number one, Hitesh, I do not think we have ever said that we will attain a 20% margin. It is more of a direction that we would like to inch closer towards a 20% margin. I want to clarify that we are not looking at expanding by 400 or 500 bps, to be very clear. Even if we were to reach a 17–17.5% margin with the kind of 20% CAGR we expect to achieve over the next 3–5 years, I think we would be quite happy with that performance.

Number two, the growth drivers for margin expansion are, as we have discussed, the increase in value content per vehicle on account of premiumization. As the localization needs of the OEMs are met by us, it is again a win–win for them, but they should also be able to give us a better margin because the pure cost of that component is significantly higher compared with what we would offer to them.

Number three is the new technology play. If I look at the order book today, almost 25–30% of the order book comes from technologies that are absolutely new, represent the future of the auto industry and mobility, and typically command a higher margin.

Together, at the consolidated level—and again, Lumax Auto Technologies' strength is the diversity of its products and technologies—it is a mixed bag that will provide margin expansion over the next 3–5 years.

Vikas: To add to what Anmol has said, in our strategy playbook, it was a very conscious decision to focus on first–time–to–India products and on the localization of those products, which he mentioned briefly earlier. That is where a massive opportunity lies. The OEMs are happy to partner in the gains from localization with a player such as Lumax Auto Technologies, which is working with its joint venture partners and indigenous R&D centers such as SHIFT to bring these technologies into India.

Operator: Thank you. We take the next question from the line of Jyoti Singh from Haitong. Please proceed.

Jyoti Singh – Haitong: Thank you for the opportunity, and congratulations to the management for a great set of numbers. We are expecting good numbers going forward. My question is about the advanced plastics and interior side, which is a major part of our revenue and has grown very well, by 47% year–on–year. What kind of margin is this segment delivering? Is it around 15.1%, which is the EBITDA margin we are delivering, or do you have any guidance on that?

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My other question is about capex. We incurred Rs.23 crores in this quarter against the ambitions of entering BCM and the SDV vertical, which is expected to create a revenue target of {? 31 ?}. Does the current capex run rate need to increase materially? If so, by how much, and through what mix of debt and equity will it be funded?

Anmol: Jyoti, I will take the first 2 parts of your question. Number one, in terms of margins, advanced plastics, which is the lion's share of all our product verticals at a 56% share, continues to operate between 16% and 20% EBITDA margins. There are various products, divisions, and subcategories within the advanced plastics division. Some operate at margins above 20%, while some operate at margins of approximately 13-14%. As I said, consolidated advanced plastics operates at approximately 15-20%, and we expect that to continue.

Number two, on capex, while Q1 was at Rs.23 crores, as Ankit mentioned, the full-year capex guidance is Rs.300 crores for FY25. We feel that this is an appropriate level at which the Rs.1,600 crore order book should be delivered, while also supporting FY28 and FY29 requirements. If we add to the order book in subsequent quarters, we will revise the capex, perhaps not for FY25 but possibly for the FY28 figure.

Regarding debt and internal accruals, I will let Ankit answer that.

Ankit: Thank you, sir. Yes, Ms. Jyoti, the majority of the Rs.300 crore capex will continue to be funded through internal accruals. However, approximately 10-12% of the capex that is specific to any particular JV or subsidiary will be funded through debt for that specific purpose. Otherwise, since the majority of the capex belongs to the standalone entity now, it will continue to be funded through internal accruals.

Jyoti Singh – Haitong: Thank you, sir. One more question regarding the JVs. An earlier participant also asked about Green Fuel Energy, which continues to perform well for us. However, for several JVs, we are not seeing very good profitability; some have very thin or negative profitability in Q1. What strategy are we pursuing for those JVs, and what near-term visibility do we have for them?

Anmol: The company has made certain strategic decisions to exit certain joint ventures in the recent past. As of now, there is perhaps only 1 joint venture that is still in the red, but that should also move into the black very soon. The lower margins are largely because of scalability. Since the top line is currently very small, the cost structures are quite imbalanced.

As these joint ventures continue to scale up, which is clearly evident from our order book, you will start seeing margin expansion as well. Most of these joint ventures are part of the mechatronics division, and as the mechatronics division scales up, margins will also expand.

Vikas: I will add to what Anmol has said, and it is very important to clarify this for future quarters as well when such questions arise. There is no JV today that is not EBITDA-positive. Even if you see 1 JV with a fractional-digit negative result at the PBT level, it is currently on a scalability path.

I have mentioned this earlier: we are being aggressive, bold, and courageous in bringing first-time-to-India technologies to India, and so far we have been very successful with all our moves. We expect these couple of joint ventures, which are currently EBITDA-positive, to move

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into a permanently double-digit-positive PBT category, perhaps over the next 12–24 months once we reach scale.

We are competing against the best names in the world in these areas, and there are no Indian companies manufacturing these components. All of this is proceeding according to a strategic direction to make us future-ready.

Jyoti Singh – Haitong: Great, sir. Thank you very much.

Operator: Thank you. We take the next question from the line of Deep Shah from Nuvama Institutional Equities. Please proceed.

Deep Shah – Nuvama Institutional Equities: Am I audible?

Anmol: Please go ahead.

Deep Shah – Nuvama Institutional Equities: Firstly, congratulations on a great set of numbers. My first question is on IAC. How much of the order book would be from Mahindra? Historically, we have also spoken about diversifying away from Mahindra, so could you provide an update on how we have progressed with Maruti or Tata?

Anmol: In IAC, almost one-third of the total order book is with IAC, and a large share of that would be coming from Mahindra. There have also been significant discussions with certain OEMs, such as Maruti Suzuki and Honda Cars, regarding further expansion and establishing a relationship for the IAC business.

However, as I mentioned earlier, these initiatives take at least 2–3 years for something substantial to emerge. The discussions are continuing, and there are many OEM visits taking place. It would probably be only by FY28 that I could provide a concrete answer regarding the expansion of these relationships beyond their current scope.

Deep Shah – Nuvama Institutional Equities: As an extension of that, we are also undertaking a greenfield expansion for IAC. For the new Mahindra platform that they are launching, are we also a significant part of the interiors for that platform?

Anmol: Yes, we are engaged with Mahindra on almost all of its platforms, for both current requirements and future development.

Deep Shah – Nuvama Institutional Equities: My last question is about the 20% revenue CAGR for the next few years. That involves some inorganic acquisitions as well. If we look at our Green Fuel or IAC acquisitions, which came at very reasonable multiples, what are the challenges when we look at current multiples? If we do not receive a reasonable valuation, are we comfortable with a slower growth rate? How does the management, as a group, view this?

Anmol: Number one, we are quite confident of achieving a 20% CAGR. As mentioned earlier, if we split that 20% CAGR, approximately 15% was expected without any inorganic growth, with the balance being added through the inorganic route.

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Currently, valuations, partly because of certain private-equity activity in the auto-component space, have increased significantly compared with when we took a position in Green Fuel or IAC. We will continue to evaluate the value proposition that each opportunity brings to the table.

If it is a strategic fit for the company over the long run, if we believe that we can scale it up and bring significant value to the consolidated entity, and if it is available at an appropriate value—even if the multiple is higher than what we have historically paid—we will closely consider and evaluate it.

However, even if we were not to pursue an inorganic growth story, we are sufficiently bullish that a close to 20% CAGR should be attainable.

Deep Shah – Nuvama Institutional Equities: Thank you very much, sir. My last question is about mechatronics. You mentioned that the current JVs are sub-scale, which is why margins would be lower. Could you guide us on a steady-state margin? You said that 30% of the order book is mechatronics, so what would be the steady-state EBITDA margin for all 4 JVs collectively?

Anmol: Vikas, do you want to take this?

Vikas: To provide a trajectory, if you place all of them under the mechatronics segment, the intended path is for the mechatronics segment to operate at an EBITDA margin of 14–15% over the next 12–24 months. Of course, we are not in a perfect world, and there will be product categories ranging from 8–10% to as high as 18%. However, 14–15% is our overall guidance for the mechatronics vertical.

Deep Shah – Nuvama Institutional Equities: Thank you very much, and all the best.

Anmol: Thank you.

Operator: Thank you. We take the last question from the line of Amit Hiranandani from PhillipCapital. Please proceed.

Amit Hiranandani – PhillipCapital: Thank you for the opportunity again. It is very encouraging to see that revenue growth from Maruti is in the high double digits, even faster than Mahindra. I want to understand what is driving this growth, which models we are supplying, and whether there are any particular products that are seeing higher-than-usual growth.

Anmol: I think Maruti continues to be our number one customer among the top 5 customers, but if you look at the growth—

Management: —of 48% that we recorded in Q1. This is largely across our product verticals. The mechatronics division, which comprises multiple joint ventures, recorded the highest growth within Maruti Suzuki, again as a result of localization and wallet-share expansion. Green Fuel Energy also recorded significant growth on account of new models and wallet-share expansion. As Deepak mentioned, Green Fuel's wallet share will continue to expand going forward as well. The standalone entity also recorded almost 60% growth with respect to Maruti's business.

Amit Hiranandani – PhillipCapital: Noted. Are you witnessing any short-term challenges in the aftermarket division, given that the growth rate has been slightly lower this time?

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Management: The growth rate was slightly lower in Q1, largely because of pricing based on inflationary measures and inflationary cost increases. Many of the other competitors, specifically in the non-lighting product categories where we are not the leaders, were able to absorb a significant portion of those price increases. We were compelled to pass the price increase on to the market because we were not able to sustain those increases.

As a result, the growth in the non-lighting category that was expected in Q1 did not materialize. That is why we recorded a lower growth rate. However, as we move forward through the remaining quarters, we remain bullish on the aftermarket, and our full-year guidance for aftermarket growth remains intact.

Amit Hiranandani – PhillipCapital: Great, sir. All the very best. Thank you very much.

Operator: Thank you. Ladies and gentlemen, we will take that as the last question for the day and would now like to hand the conference over to the management for closing comments. Over to you, sir.

Management: Thank you once again for joining us for the Q1 FY25 earnings call and for your continued interest in Lumax Auto Technologies. We truly appreciate your time and engagement today. Should you have any further questions or require additional information, please feel free to reach out to the Lumax Group investor relations team or SGA, our investor relations advisors.

We are committed to keeping the investor community regularly updated on our progress. Thank you, and we wish you all a very great day ahead. Thank you.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.