Lumax Industries

Operator: FY27 earnings conference call of Lumax Industries 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 of the date of this call. These statements are not guarantees of future performance and may involve risks and uncertainties that are difficult to predict. As a reminder, all participants' lines will be in listen-only mode, and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Deepak Jain, Chairman and Managing Director. Thank you, and over to you, sir.

Deepak Jain – Chairman & Managing Director: Thank you. A very good morning to everyone. I hope everyone is doing well. Along with me on this call, I have Mr. Anmol Jain, the Managing Director of the company; Mr. Sanjay Mehta, the Group Chief Financial Officer; Mr. Raju Ketkale, the Chief Executive Officer of the company; Mr. Ravi Teltia, the CFO of the company; Mr. Naval Khanna, the Corporate Head, Taxation; and Ms. Shruti Sharma, the Group Head of Investor Relations and Value Creation, along with the Investor Relations Advisors, SGA.

We have updated our financial results and earnings presentation on the stock exchanges and the company's website, and I hope everybody has had an opportunity to go through them.

The global economy continues to face a very challenging environment, with the conflict in the Middle East keeping markets uncertain. It has inflated energy and commodity prices, strained shipping lines and supply chains, and raised logistics costs for businesses, adding to inflation and weighing down on global growth. How long the conflict lasts and how it affects energy supplies and global trade will shape the outlook from here.

India has not been insulated from these developments, with high energy costs feeding into prices. That said, the domestic economy has stayed resilient, supported by healthy consumption, sustained public investments in infrastructure, and steady private investment activity. Despite the external uncertainty, the strength of domestic demand gives us confidence in India's growth trajectory.

Turning to the automotive industry, the sector sustained its growth momentum in Q2 FY27. This was supported by better affordability after GST 2.0, resilient demand in both rural and urban markets, strong freight activity, infrastructure-led growth, and a gradual pickup in the replacement cycle. However, on the cost side, crude-linked polymer prices, freight, and rupee depreciation remain key monitorables, putting industry margins under pressure.

SIAM production data for Q2 FY27 shows year-on-year growth across every vehicle segment, partly helped by a low base in the previous year. Overall Indian auto production stood at 106 lakh units, up 19% year-on-year. Passenger vehicle production rose 25% year-on-year to about 17 lakh units, aided by better affordability after GST 2.0 and multiple new model launches. Two-wheeler production rose 17% to around 81 lakh units, led by scooters, and three-wheeler production was up 25% at about 4.5 lakh units, with electric three-wheelers and last-mile mobility needs driving the growth. Commercial vehicle production also rose 34% to around 3.5 lakh units on the back of infrastructure spending and strong freight movements.

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For H2 FY27, we expect the growth rates to ease as the industry moves beyond the low base of the first half and the GST rate cuts are fully reflected in demand. How demand plays out during this festive season will be a key indicator of whether the current momentum holds.

Now coming to the key updates for the company during the quarter. Q2 FY27 revenue stood at Rs 1,342 crores, up 33% year-on-year and 10% quarter-on-quarter, outpacing broader industry trends. For H1 FY27, revenue stood at Rs 2,565 crores, up 33% year-on-year. This growth was driven by new program launches, sustained growth with our leading OEM customers, a rapid scale-up with smaller customers, and a rising share of LED lighting, which has reached 63% of revenue in H1 FY27, up 200 bps year-on-year.

Our order book is at Rs 2,580 crores, and LED lighting accounts for approximately 80% of the order book, while the EV program accounts for approximately 11%. By segment, passenger cars account for 63%, and two-wheelers and three-wheelers account for 37%.

The key launches during the quarter were in the passenger vehicle segment: the Tata Motors Curvv, where we are supplying the tail lamp for both the high and base versions; and Mahindra & Mahindra's Thar ROXX, where we are supplying the headlamp, fog lamp, cornering lamp, and side repeater lamp.

We are also now gaining share of business with OEMs such as TVS, Suzuki two-wheelers, Yamaha Motors, and Toyota, which is an important step in expanding our customer base.

During the quarter, we received the following recognitions: the Launch Excellence Award at the Tata Motors Passenger Vehicles Annual Supplier Conference; the CII National Award for the best environment practices for the Chakan 2 plant; and the UBS Forum Award for best practices in sustainability for the Bengaluru plant.

To conclude, in the near term, we remain watchful of geopolitical developments and energy prices, which could further put pressure on input costs and therefore on margins. We continue to work with our customers on cost recovery, while staying focused on cost discipline and operational efficiency. Beyond these near-term challenges, the long-term story remains intact: rising LED and advanced lighting content for vehicles, OEM capacity additions, and a robust order book give us confidence in sustaining growth ahead of the industry.

I would now like to hand over the call to our CFO, Mr. Ravi Teltia, for updates on the financial and operational performance of the company.

Ravi Teltia – CFO: Thank you, sir. Good morning, everyone. Let me take you through the key highlights of our financials and operational performance for the quarter.

As the Chairman mentioned, Q2 FY27 consolidated revenue stood at INR 1,342 crore, up 33% year-on-year. Manufacturing revenue grew 33% year-on-year to INR 1,300 crore.

Consolidated EBITDA for the quarter stood at INR 110 crore, up 21% year-on-year, with a margin of 8.2% compared with 9% in Q2 FY26. The material cost impact continued in Q2 FY27 due to the West Asia conflict and elevated prices for electronic components. We are constantly engaging with our customers for recovery. However, typically, these recoveries come with a lag. There is an

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approximately 100 to 120 bps impact in H1 FY27 due to the material cost increases. We continue to maintain our full-year margin trajectory to the double-digit number.

Also, on the top line, we are revising our guidance from the earlier 20% plus to 25% plus for the full year.

Profit after tax, including share of associates, stood at INR 52 crore, up 46% year-on-year, with PAT margin at 3.9%, up 40 bps year-on-year. The effective tax rate for the quarter was 25.3%.

On the operational side, LED lighting continued to lead our growth, contributing 63% of revenue in H1 FY27 compared with 61% in H1 FY26. Around 88% of our current order book is LED-based.

On capex, our projects are progressing as planned. Our capex guidance for FY27 remains at INR 200 to 250 crore.

Our net long-term debt as on September 30, 2026 stood at INR 188 crore compared with INR 291 crore as on March 31, 2025, and our net debt to EBITDA has improved to 2.2 as on September 30, 2026, versus 3 as on March 31, 2025.

With that, we now open the floor for questions. Thank you.

Operator: Thank you very much. We will now begin with the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of CA Garvit Goyal from Serene Alpha. Please go ahead.

Garvit Goyal – Serene Alpha: Hello, am I audible?

Operator: Yes, sir.

Garvit Goyal – Serene Alpha: Hi. Good morning, and congratulations on the good set of numbers. My question is on the margin. While, on the one hand, you are speaking about the challenges that we are facing, particularly in terms of the rising cost of the electronics that we are using, at the same time, we have maintained the margin guidance for the full year. What is giving you the confidence? You also mentioned that there will be some lag in passing on the increased cost. What exactly is giving you the confidence of achieving better margins and full-year margins in the double digits? That is my first question.

Anmol Jain – Managing Director: Hi, this is Anmol Jain. Clearly, the H1 margins are a bit subdued, primarily because of the raw material escalation. There are two parts to it. One is the recovery of the escalations that came into effect in quarter one, which also have not yet been fully recovered in quarter two. There is still a remaining part pertaining to Q1 to be recovered. Second, over and above the Q1 escalations, there have been further escalations impacting Q2. These will get into the P&L perhaps in quarter three. We do not anticipate significant price increases beyond the current base that has already been established in H2. Once we are able to recover the Q1 and Q2 impact, it will

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definitely improve our margins specifically for H2, and hence the guidance that Ravi mentioned for the full year remains intact to deliver a double-digit EBITDA margin.

Garvit Goyal – Serene Alpha: Okay, understood, sir. Secondly, are you expecting any slowdown in the relative growth due to the higher base after this festive season? Given the kind of growth we are currently witnessing, what kind of growth are you internally targeting, perhaps in FY28 and onwards? If you can provide some colour—not the exact numbers, but some direction on that.

Anmol Jain – Managing Director: For FY27 H2, the revenue guidance on a quarter-on-quarter basis will continue to be better than what was reported in Q2 as an absolute amount. However, because of the higher base in H2 of FY26, the growth rate for H2 will be relatively lower than what the company reported in H1, which is about 35%. For H2, we will definitely not be looking at 35% growth. However, for the full year, I do believe that the earlier guidance of about 20% growth is now revised slightly upwards, towards more of a 25% growth for the full year.

As for FY28, we continue to remain quite bullish because, if I look at the order book, almost 60% of the order book gets delivered in FY28, which is almost close to 1,500 crore rupees of revenue.

Garvit Goyal – Serene Alpha: Understood, sir. Lastly, on the exports front, particularly after the FTA and looking at the global scenario where geographic de-risking is happening, are we looking to use exports as a driver going forward in any of our areas or product portfolios?

Anmol Jain – Managing Director: For lighting, again, we are engaged with some of the IPOs, the international purchasing offices in India of the OEMs. These typically take a couple of years to fructify into something meaningful. Having said that, largely the priority and focus of the company remains to deliver growth in the Indian market and see how we can expand our wallet share across OEMs. I am happy that [cut off]

Management: Based on the current order book, we will actually be expanding our wallet share in almost four to five OEMs over the next two years. So, the focus and priority is the domestic market. However, export engagements are continuing and probably in the next two to three years, we can see some export revenue coming in, but again, it will be a minuscule number compared to the domestic business.

Garvit Goyal – Serene Alpha: Thank you very much, sir, and all the best for the future.

Management: Thank you.

Operator: Thank you. The next question is from the line of Radha from Motilal Oswal Financial Services Limited. Please go ahead.

Radha – Motilal Oswal Financial Services: Hello, sir. Thank you for the opportunity. My question is about adaptive driving beam systems. Typically, they combine the front camera, ADB modules, lighting control modules, and so on, and OEMs are increasingly preferring suppliers who can deliver a more integrated system. In this scenario, there are global companies such as HELLA, Valeo, Marelli, and others that can combine lighting with ADAS sensors and electronics and provide it as a solution to the OEM.

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As ADB and other ADAS-linked lighting spread in Indian cars over the next few years, what is our right to win against global players that can provide integrated solutions? Is there a roadmap where we can draw on further technology from Stanley or on in-house capabilities in electronics, or partner with other ADAS suppliers, and supply a more integrated solution?

Management: Firstly, on the technology of ADB, it is an intelligent headlamp system, which is largely about achieving higher pixel resolution and smarter beam control. As of now, we do not have any camera integration on the ADB lamp technology.

Having said that, we are proud to say that we were actually the first company in the Indian automotive lighting landscape to introduce ADB, despite the global giants and global lighting makers that you mentioned having a presence in India.

In terms of the technology roadmap, I think there is a very clear two-pronged approach. Number one, Stanley, which is the world leader in lighting technologies, continues to have a very deep presence and provide support to the Indian market. There is also a very clear roadmap for how Stanley will be able to enhance the technology for the Indian market through increasingly localized solutions and local engineering capabilities for the future needs of the OEM.

Second, the company has its own Czech and Taiwan advanced engineering centers, and this is where all the advanced technologies are being developed. There is also significant engagement between the Czech and Taiwan offices and OEMs. Some of the technologies, which are more in the area of projection technologies, OLEDs, and surface illumination technologies for rear lighting, as well as technologies such as DLP, multi-pixel LEDs, and laser-based lighting, are all currently being developed at the Czech advanced lighting center with the help of Stanley.

We have access to technology that is both European and Japanese, and they do differ.

Radha - Motilal Oswal Financial Services: Understood, sir. Secondly, what is the current penetration of ADB in two-wheelers and four-wheelers? Where do you see the penetration reaching over the next three years? Also, do you expect the penetration to happen only in EVs or across powertrains?

Management: You are talking about the penetration of ADB? I did not understand that.

Radha - Motilal Oswal Financial Services: Yes, sir.

Management: The penetration of ADB is currently very limited, to just about a couple of models. However, please note that for any new technology to become mass market and drive the price down as volumes increase, it usually takes about five years for that to happen.

If I were to go back five to seven years, LED penetration was close to {? 30% ?}, and today it is at 65% for the company. Again, it is a sizable number for the lighting industry at large.

We do believe that ADB as a technology will perhaps gain traction over the next three to five years. However, currently it remains limited to a couple of models, although we see significantly more interest from OEMs to evaluate this technology for their future needs.

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As of now, it is largely driven by the passenger vehicle segment. We do have some conversations with two-wheeler OEMs, but adoption will probably be faster in the passenger vehicle space.

Radha – Motilal Oswal Financial Services: Is it specific only to EVs or is it across powertrains?

Management: No, it is powertrain-agnostic. It can go on any vehicle running on any powertrain.

Radha – Motilal Oswal Financial Services: Understood, sir. Thirdly, on localization, we are targeting over 50% LED localization from 30-35% today, led by LED driver modules. As we localize these modules, will they be made in-house or sourced from other domestic suppliers, possibly from the group company Lumax Auto Tech's electronics facility?

Management: As of now, the first and foremost emphasis is on trying to localize part of the LED systems. Again, I am not getting too technical, but first is the LED light source itself, and thereafter there are intelligent modules, such as the light control module, which control the lamp, its brightness, and the LED performance.

We will have localization plans for both. As of now, it is too premature to state whether we will be making them in-house, making them in certain other group companies, or perhaps starting with an outsourcing activity. Those matters are still in the discussion phase, but we would like to be the first company in India to localize some of these technologies.

Radha – Motilal Oswal Financial Services: Understood, sir. And are the LED chips likely to remain imported across the country?

Operator: Sorry to interrupt you, Radha. Can you please rejoin for a follow-up question? We have a long queue.

Radha – Motilal Oswal Financial Services: Yes, sure. Thank you, sir. All the best.

Operator: Thank you. The next question is from the line of Viraj Kacharia from SIMPL. Please go ahead.

Viraj Kacharia – SIMPL: Hi. Am I audible?

Management: Go ahead, please.

Operator: Yes, sir.

Viraj Kacharia – SIMPL: Sir, earlier on the call, you said that, based on the order book, especially among four or five OEMs over the next two years, we expect a considerable increase in share. Can you provide some colour on which OEMs we are talking about, what our share is now, and how you see this evolving over the next two years based on the order book?

Management: Sure. We have a strong order book across pretty much all OEMs, but I will talk about just the four or five names where the wallet share will notably increase.

Let us start with Maruti Suzuki, which represents the largest portion of our order book. Currently, the wallet share at Maruti Suzuki, with the headlamp and tail lamp put together, is anywhere

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between 25% and 30%, and this wallet share will increase to anywhere between 35% and 40% over the next two to three years.

Also, for Honda Motorcycle and Scooter India, we have secured a significant order win, specifically for the tail lamp, where the current wallet share was less than 20%, and we expect to increase our wallet share to close to 50% for the tail lamp.

For Toyota Kirloskar, traditionally the company had never been engaged to deliver the front lighting system. We were only present in rear lighting. The order book has been secured for the headlamp business for one of the forthcoming models, and with that, we should have close to 15–20% of the front lighting share.

Apart from this, for Suzuki Two-Wheelers India, we have also gained strong traction in both headlamps and tail lamps. The wallet share is likely to almost double from the current 15–20% to upwards of 30%.

For Volkswagen India or Škoda India, where we currently have about 30% of the tail lamp wallet share, this is likely to increase to close to 70% over the next two to three years.

These are some of the three, four, or five notable names. There has not been any wallet share contraction with any other OEM.

Viraj Kacharia – SIMPL: Just on HMSI, when you say that the tail lamp share will increase from below 20% to 50%, from whom would we be gaining share? In terms of headlamps, where the content is much higher, how would our share be evolving?

Management: Headlamp share in HMSI remains unchanged, and is quite high, between 60% and 70%. The tail lamp wallet share would largely be on account of one particular competitor. I would not like to name the competitor, but there are only two or three lighting makers for HMSI tail lamps. We have been able to win significant future orders from one of the other major lighting players.

Viraj Kacharia – SIMPL: Just one more question. The group company announced that it is setting up a body control module under mechatronics. I think even in the last quarter, I was trying to understand this because Stanley globally also has mobility electronics initiatives, where it is going significantly into body electronics and the wider electronic component value chain.

When I look at the opportunity landscape for Lumax Industries, what are the factors you look at internally to capitalize on this opportunity? Or do you think that, between the two entities, a part of the opportunity would be routed through Lumax Auto Tech?

Management: Fundamentally, Lumax Industries continues to remain focused on automotive lighting solutions. We will expand our relationship with Stanley in whatever way possible to bring more competitiveness to Lumax Industries in the Indian market, with future technologies, perhaps automotive lighting electronic technologies, and increasing localization as we move ahead.

The other company, which is not part of today's call, has a wider canvas. You spoke specifically about the body control module. It is a very different product and a very different technology compared to a light control module. If we enter the light control module domain in the future, it will

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still be within the Lumax–Stanley relationship. Anything outside the lighting domain will be captured in the other group company.

Operator: Thank you. Ladies and gentlemen, to ensure that management is able to address questions from all participants in the conference, please limit your questions to two per participant. The next question is from the line of Anubhav Mukherjee from Prescient Capital. Please go ahead.

Anubhav Mukherjee – Prescient Capital: Hello, am I audible, sir?

Management: Please go ahead.

Operator: Yes, you are.

Anubhav Mukherjee – Prescient Capital: Congratulations on a great set of numbers. In your investor presentation, it was mentioned that we have achieved 70% PCB localization at one of our plants. Could you provide some more colour on what that means? Does it mean that we do 70% of surface mounting on PCBs, or something else? That would be helpful.

Ravi: Hi, Anubhav. Ravi here. As we explained in our previous calls, typically electronics has four key areas to consider. One is the bare PCB. You are right that the bare PCB is localized by around 60% to 70%.

SMT, which is our own in-house captive unit, is 100% localized. There are two other important areas. One is connectors, which have roughly 30–35% localization at this stage. The other is the LED module, for which only some specific projects can be localized at this moment. In the next two to three years, the ecosystem in India—

Sanjay Mehta: We will see how things evolve. The reference you are giving is mostly for the bare PCB part.

Anubhav Mukherjee – Prescient Capital: Okay, so 70% bare PCB is being manufactured in-house. Is that the right interpretation?

Sanjay Mehta: No. Localization means that the supplies are coming from local suppliers.

Anubhav Mukherjee – Prescient Capital: Okay.

Sanjay Mehta: Assembly is our in-house activity, and it will continue.

Anubhav Mukherjee – Prescient Capital: You also mentioned PLI incentives. Is my understanding correct that you are already approved for PLI benefits for advanced lighting and that the target is to achieve 50% localization so that we start receiving the benefits? Is that the correct understanding?

Sanjay Mehta: So, Anubhav, this is Sanjay Mehta. Lighting is not covered under the PLI scheme.

Anubhav Mukherjee – Prescient Capital: Okay, but is some advanced lighting covered under it, or is it not covered?

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Sanjay Mehta: No, it is not. The lighting we are manufacturing—automotive lighting—is not covered under PLI. Many other schemes may cover other electrical parts, but we are not covered under that.

Anubhav Mukherjee – Prescient Capital: Okay. Previously, you mentioned that 75% [cut off]

Operator: Sorry to interrupt you, but can you please rejoin for a follow-up question? There is a long queue.

Anubhav Mukherjee – Prescient Capital: Okay.

Operator: Thank you. The next question is from the line of Adit Sethi from Eco Quantum Solutions. Please go ahead.

Adit Sethi – Eco Quantum Solutions: Thank you for the opportunity. Hyundai Motor Group has announced a $15.5 billion investment in India over the next 7 years to expand its manufacturing and strengthen its local supply chain. Since SL Lumax has significant exposure to Hyundai and Kia, how do you see this investment creating new order opportunities and driving revenue growth for the company over the next few years?

Management: The Hyundai account is managed by the associate company SL Lumax. Hence, for Lumax Industries Limited, as of now there is no direct impact in terms of investment or revenue growth because of Hyundai Motor's actions. Of course, there is a small amount of PAT consolidation from the associate company.

However, the company is engaging directly with Hyundai Motor to determine whether, based on future capacity expansions, there could be possibilities for us to also serve Hyundai directly as a customer as part of de-risking the supply chain. That is the only opportunity we are currently working on from Lumax Industries' perspective. However, to service the expansion of Hyundai India currently, the associate company will continue to deliver on that.

Utkarsh Somaiya – Eco Quantum Solutions: Thank you. This is Utkarsh Somaiya from Eco Quantum Solutions. I had a question on your margins. If you were to achieve double-digit margins in FY27, assuming a minimum of 10%, that would imply an 11.4% margin in H2, since H1 was approximately 8.6%. Can you please confirm if that is possible, firstly? Secondly, you said you were to achieve a 100 bps EBITDA margin expansion every year. For FY28, can we assume 100 bps? If yes, then on what base—H1, H2, or all of FY27? Thank you.

Management: On the margins, first and foremost, your understanding is correct that, specifically for H2, we would be expecting a margin of anywhere between 10.5% and 11%. It might be lower for Q3 and higher for Q4. However, for the full year, we remain optimistic that we should be able to deliver a double-digit EBITDA margin.

The reason for that is purely, as I mentioned, that we expect to recover most of the price escalations that have occurred in H2. Despite the continued growth momentum, operational efficiencies and leverage will also start taking effect.

However, there is a caveat: I am hoping that there is no significant further volatility based on the ongoing Red Sea crisis. If this were to continue, then I would probably have to revisit the guidance.

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But based on whatever visibility we have as of today, it should definitely be doable and achievable for H2.

Utkarsh Somaiya – Eco Quantum Solutions: Okay. Thank you.

Operator: Thank you. The next question is from the line of Richa Agarwal from Equitymaster. Please go ahead.

Richa Agarwal – Equitymaster: Thank you for the opportunity, and congratulations on a good set of numbers. My question is related to the industry. I wanted a better sense of the current LED penetration in passenger vehicles and two-wheelers in the domestic auto industry.

Sanjay Mehta: Richa, our estimate is that overall LED penetration is close to 63-65%. Within that, passenger vehicles are close to 55-60%, and two-wheelers and three-wheelers are in the range of 75-80%. The market is also close to 50-55%. That is our estimate, and that is how the market is moving.

Richa Agarwal – Equitymaster: Going forward, there used to be a differential between LED and halogen, but are you seeing it compressing? Margin expansion basically comes from incremental penetration, but is the margin on LED also expected to come down? Is that a valid assumption?

Management: The content per vehicle will continue to increase based on the evolution of lighting technology. It is not specific to LED, but after localization, some of the price points would change. As we discussed, with adaptive driving beam and certain digital projection technologies going forward, the content per vehicle will continue to increase.

With the new content per vehicle, as a percentage of raw material consumption, we may see a slight further increase. However, at the EBITDA margin level, we will still be able to grow it based on the rationalization of the top line growing significantly faster than some of the other direct or indirect expenses.

We do believe that expansion in content per vehicle will be one of the key margin growth drivers going forward.

Richa Agarwal – Equitymaster: That is helpful. Lastly, could you provide some guidance on capex for this year and the coming year?

Sanjay Mehta: Richa, as I mentioned in my opening remarks, this year we are expecting capex of between 200 and 250 crore. Of that, in H1, we have already incurred around 80 crore of capex, and the remaining amount will be incurred for the projects that are progressing in H2.

Richa Agarwal – Equitymaster: Okay, okay. That is helpful. [cut off]

Operator: Thank you. The next question is from the line of Sanjay Shah from KSA Securities Private Limited. Please go ahead.

Sanjay Shah – KSA Securities Private Limited: Thanks for the opportunity. Congratulations, sir. Most of my questions have been answered. Thank you very much.

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Operator: Thank you. The next question is from the line of Aryan Doshi from Dvitiya Investments. Please go ahead.

Aryan Doshi – Dvitiya Investments: Can you hear me?

Operator: Yes, sir.

Aryan Doshi – Dvitiya Investments: I wanted to ask about import costs. Around 25–30% of the materials are imported, mainly LED chips and electronics. Is there a plan to manufacture them in India by FY29 or FY28? Does the government electronic component scheme help us in that regard? The rupee is falling and there is margin pressure.

Management: Currently, as I mentioned earlier, we are engaged in discussions with Stanley regarding how soon we can try to localize some of these technologies to serve the growing needs of the Indian market.

However, any such localization would also require scale, not just for Lumax Industries' captive needs, but also to service the broader lighting ecosystem in India. There are discussions, but I do not have a firm plan. Clearly, the company's endeavour is that over the next 3 years we should be able to enhance localization of the entire LED system and certain electronic devices, such as the light control module and other devices required for automotive lighting in India.

Aryan Doshi – Dvitiya Investments: Understood. I am sorry if this was asked before, but I also wanted to ask about the fact that lighting value per car is rising with full LED systems and light bars in EVs. How much higher is the lamp value in a new launch compared with an older model? With Uno Minda and Marelli expanding in India, is our share in new models from our top customers going up or down?

Management: You have asked two questions. Number one, I do not think the content per vehicle has anything to do with a new model versus an old model. It really depends on the kind of technology with which the new model is launched.

If the new model is launched with an older technology, the content per vehicle will remain essentially the same or lower than the present level, and vice versa if new technologies are introduced in a facelift or a full model change.

However, we do see that the trend is increasingly towards a higher technology level. At least most of the models that are being launched today have a vertical difference in the variants offered. The lower-end variant may still have halogen technology and perhaps non-LED technology, while the same model in a higher-end variant will have LED or perhaps projector technology.

It is very difficult to ascertain this on a model-by-model basis. Lamps are very specific, and the difference between new models and current models varies significantly.

The second part of your question relates to some of the other lighting companies. I think I substantiated this earlier: despite intense and hyper-competition in the Indian automotive lighting market, the company continues to enjoy a leadership position, and the order book clearly demonstrates that the wallet share with the four or five OEMs I mentioned earlier is going to

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increase significantly over the next two years.

Aryan Doshi – Dvitiya Investments: Understood. Thank you so much for answering the question. Thanks a lot.

Management: Yes.

Operator: Thank you. Participants who wish to ask a question may press star and one at this time. The next question is from the line of Sarthak Palekar from Smith & Thompsons Capital Advisory. Please go ahead.

Sarthak Palekar – Smith & Thompsons Capital Advisory: Hi, sir. Can you hear me?

Operator: Yes, we can.

Sarthak Palekar – Smith & Thompsons Capital Advisory: My question is: as our sales numbers have improved, what has been the primary reason behind that? Is it an increase in volume or better pricing?

Management: There are multiple reasons. Sanjay can provide some additional detail. Number one, obviously, there is volume growth. First and foremost, that is one of the key reasons. If you look at the industry, almost all segments in H1 have performed remarkably well in terms of volume growth.

Number two, with the higher penetration of LEDs and certain new technologies such as ADB entering SOP, we see higher content per vehicle realization in certain models and segments.

Number three, there has also been a significant price increase on account of the raw material cost escalations that took effect in quarter one and some of which took effect in quarter two. This also raises the top line, but it actually has a negative effect on the EBITDA margin because the numerator and denominator are increasing at the same rate.

These are primarily the three reasons why you are seeing top-line growth, or rather, the contributors to top-line growth.

Sanjay Mehta: Just to add to that, in certain OEMs, as you mentioned, we are gaining wallet share, so that is also adding to a better top line for us compared with the market.

Sarthak Palekar – Smith & Thompsons Capital Advisory: Okay, sir. My second question is: as our current capex plan goes live by the end of this fiscal year, what growth and margins is management expecting to [cut off]

Sarthak Palekar – Smith & Thompsons Capital Advisory: beyond the capex, and are there any future capex plans beyond the current one?

Management: On the capex side, as we mentioned, in the current financial year we are looking at around 200 to 250 crore of capex. Since our order book is already at 2,500 crore plus, it includes the project we are executing now, which will go for SOP sometime by the end of this fiscal year or perhaps early next fiscal year. Accordingly, the business will come through.

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Also, as we mentioned, in the next financial year, we expect around 50% of our order book to go for SOP, so roughly around 1,500 crore plus will be added to revenue.

Operator: Thank you. Next, we have a follow-up question from Anubhav Mukherjee from {? Prescient Capital ?}. Please go ahead.

Anubhav Mukherjee – {? Prescient Capital ?}: Hello. Am I audible?

Operator: Yes, sir.

Anubhav Mukherjee – {? Prescient Capital ?}: Sir, regarding the localization that you mentioned at 30-35%, for the other players in the Indian automotive lighting industry, what would be their level of localization?

Management: We do not have their exact information or data regarding the localization percentage of some of the other lighting makers, and I would refrain from commenting on that.

However, I think the industry at large still has a very similar landscape in terms of the localization percentage. If certain technologies and parts had been localized, the OEMs would ensure that the full advantage of that localized technology or those localized parts would go to all lighting makers, and not just to one specific company.

As I mentioned earlier, I think the landscape is broadly similar for all lighting players in India currently. However, we do foresee that, with enhanced localization plans, we would like to be one of the frontrunners in localizing some of these technologies in the future.

Anubhav Mukherjee – {? Prescient Capital ?}: Yes, sir. Regarding revenue from different OEMs, the other segment is now very substantial at 12% in this quarter, and it has also grown—

Management: Sorry, Anubhav, I think you are on a speakerphone. Can I request you to switch off your speaker and use the handset, please? I am not—there is a lot of echo.

Anubhav Mukherjee – {? Prescient Capital ?}: Sure. Is this better now?

Management: Yes, much better.

Anubhav Mukherjee – {? Prescient Capital ?}: I was asking about the contribution from others, which is now significant at 12% of your revenue. It has also grown very substantially year-on-year. Can you provide some colour on the key OEMs in this other segment and what has driven this very strong growth?

Management: This includes customers such as JLR, Škoda Volkswagen, Volkswagen, and PSA, Stellantis, among others. These are the main customers in this list.

Management: Anubhav, is there a [cut off]

Operator: Actually, he left the queue.

Management: Okay.

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Operator: The next question is from the line of Radha from Motilal Oswal Financial Services Limited. Please go ahead.

Radha – Motilal Oswal Financial Services Limited: Hi, sir. Thank you again. As lighting becomes more electronics-led and intelligent, smaller and unorganized players with fragmented product offerings may find it harder to keep up. This could create opportunities for organized players like us, especially in the aftermarket.

How large an unorganized aftermarket opportunity do you see opening up for us, and would Lumax consider addressing it directly or through Lumax Auto Tech's aftermarket network?

Management: The aftermarket for the group is handled by Lumax Auto Technologies. Lumax Industries Limited is purely an OEM supplier of lighting solutions, and that will continue on an as-is basis.

There are opportunities in the aftermarket, but please be mindful that the aftermarket works on the population of current vehicles on the road and not necessarily on the new technologies being introduced in new models. For these technologies and parts to generate replacement demand, it will typically take 5, 7, or 8 years.

Hence, right now aftermarket needs are still being serviced largely on the basis of older halogen technologies across different segments. However, this is not being addressed by Lumax Industries. We are an OEM company, and we would like to remain as such.

Radha – Motilal Oswal Financial Services Limited: At the same time, some smaller players that were earlier present only in the aftermarket have recently started receiving OE approvals in lighting. Do you see this leading to greater fragmentation in the OEM market, which could disrupt pricing discipline in the industry, or is that not the right way to look at it?

Management: No. We do not anticipate or foresee any significant changes with respect to some of the new entrants. These could be specific players serving only one or two customers or one or two models, and perhaps smaller lamps as well.

However, the large part of the market would still be controlled by the top five automotive lighting companies in India, and I do not see any significant change over the next 5 years among the top five players.

Operator: Thank you. The next question is from the line of Jyoti from Haitong Securities. Please go ahead.

Jyoti – Haitong Securities: Thank you for the opportunity. I have two or three questions, and I am sorry if I am repeating them. One is around Maruti, SMG, M&M, and HMSI. Along with Tata, these customers contribute 66% of our Q2 sales. Which of these customers dual-source their lighting, and what share of their requirements do we currently hold?

Another question is on Hero MotoCorp. Its contribution to sales has declined by almost 2%, from 8% to 6%, even though revenue has grown. Did we lose share there, and if so, to whom?

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The third question is about which new OEMs we are targeting and whether we are competing against global suppliers for them.

The fourth question is on technology. Currently, how much of the co-development are we doing with Stanley versus independently? Are we targeting the establishment of any technology or R&D facility? I wanted to understand the technology aspect of the lighting business.

Management: Jyoti, most of the questions have been answered before, but I will be very brief in responding to each of them.

Number one, almost all OEMs currently in India have dual or multiple lighting sources. Nobody has a single lighting source.

Number two, for most of the OEMs mentioned, we have either gained wallet share or maintained the current wallet share. There has not been any OEM where our wallet share has declined.

Number three, specific to Hero, the change is simply a result of the product mix. Some of the models where we are not present were perhaps the volume growth drivers compared with some of the models where we are present.

Lastly, on technology, as I mentioned earlier, we receive significant technology support from Stanley. In addition, we have our own advanced lighting engineering center in the Czech Republic, and that is expanding very rapidly.

A significant portion of the needs of OEMs in India, specifically Tata Motors and Mahindra & Mahindra, is being serviced from the Czech advanced lighting center. Overall, we are quite confident about our technology landscape today, and we are building it to be future-ready as well.

Jyoti – Haitong Securities: Okay. Thank you so much.

Operator: Thank you. Next, we have a follow-up question from the line of Ajeet Sethi from Eco Quantum Solutions. Please go ahead.

Ajeet Sethi – Eco Quantum Solutions: Thank you for the opportunity again. Given the current geopolitical uncertainties and supply chain disruptions, are we seeing any impact on our customers' production plans or order schedules?

Management: We are not seeing any major pullback in production plans. However, the supply chain situation is extremely volatile based on the availability of imports, specifically electronics. Hence, we do see some short-term disruptions, in that they are not able to produce as much as the demand or expected output.

However, based on the current volatility, we do not anticipate any change or pullback in their production schedules for H2.

Ajeet Sethi – Eco Quantum Solutions: What is the current contribution of EVs to our total revenue? Given the company's existing EV order book and upcoming vehicle launches, how do you expect this EV contribution to change over the next two to three years?

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Management: Currently, the contribution of EVs to our business is close to 10–12%. As you mentioned, since our product is technology- and powertrain-agnostic, it does not have any significant impact on our business. However, we are definitely looking at any specific models dedicated to EVs.

To give some context, Tata's Punch and Nexon models are available with both ICE and EV powertrains.

Ajeet Sethi – Eco Quantum Solutions: Thank you.

Operator: Thank you. Ladies and gentlemen, due to time constraints, that was the last question. I would now like to hand the conference over to management for closing comments. Over to you, sir.

Management: Thank you once again for joining us for the Q2-H1 FY27 earnings call and for your continued interest in Lumax Industries. We truly appreciate your time and engagement today. Should you have any further questions or require any additional information, please feel free to reach out to the Lumax Group Investor Relations team or SGA.

We are also committed to keeping the investor community regularly updated on our progress. Thank you, and we wish you a very, very happy festive season.

Operator: Thank you. On behalf of Lumax Industries Limited, 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.

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