LUMAX

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

Subject: Transcript of Analysts/Investors Earnings Conference Call- Q4 & FY 2021-2022

Dear Sir/Madam,

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable SEBI Regulations, please find enclosed herewith the Transcript of Analysts and Investors Earnings Conference Call of the Company which was held on Tuesday, May 17, 2022 at 11.00 A.M. to discuss Operational and Financial performance for the 4th Quarter and Financial Year ended on March 31, 2022.

The aforesaid information shall also be made available on the website of the Company at **www.lumaxworld.in/lumaxautotech**.

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

Thanking you,

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

Raajesh Kumar Gupta
Company Secretary
Membership No. A8709

LUMAX AUTO TECHNOLOGIES LIMITED

Encl.: As stated above

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DK JAIN GROUP

"Lumax Auto Technologies Limited
Q4 & FY2022 Earnings Conference Call"

May 17, 2022

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 17th May 2022 will prevail

MANAGEMENT: **MR. ANMOL JAIN - MANAGING DIRECTOR – LUMAX AUTO TECHNOLOGIES LIMITED**
MR. VINEET SAHNI – LUMAX GROUP CEO
MR. SANJAY MEHTA - DIRECTOR & GROUP CHIEF FINANCIAL OFFICER - LUMAX AUTO TECHNOLOGIES LIMITED
MR. VIKAS MARWAH – CHIEF EXECUTIVE OFFICER - LUMAX AUTO TECHNOLOGIES LIMITED
MR. NAVAL KHANNA - DIRECTOR - LUMAX MANAGEMENT SERVICES
MR. ASHISH DUBEY – CHIEF FINANCIAL OFFICER - LUMAX AUTO TECHNOLOGIES LIMITED
MR. ANKIT THAKRAL – CORPORATE FINANCE
MS. PRIYANKA SHARMA – CORPORATE COMMUNICATIONS.

Moderator: Ladies and gentlemen, good day and welcome to the Lumax Auto Technologies Limited Q4 and FY2022 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing "*" 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 – Lumax Auto Technologies Limited. Thank you and over to you, Mr. Jain.

Anmol Jain: Thank you. Good morning, ladies and gentlemen. A very warm welcome to FY2022 Earnings Call of Lumax Auto Technologies Limited. I hope you all are safe and healthy. Along with me on this call, I have Mr. Vineet Sahni - Lumax Group CEO, Mr. Sanjay Mehta - Director & Group CFO, Mr. Vikas Marwah – CEO, Mr. Naval Khanna - Director - Lumax Management Services, Mr. Ashish Dubey – CFO, Mr. Ankit Thakral from Corporate Finance, Ms. Priyanka Sharma – Corporate Communication, and SGA our Investor Relations Advisor. The results and presentations are uploaded on the stock exchange and company website. I do hope everybody has had a chance to look at it.

Moving on to key industry highlights. I think as you all know the financial year passed by has been very challenging. From COVID related curbs to supply chain and chip shortage issues, the automotive industry was disrupted badly. The prices of key commodities have also risen exponentially since 2020. Continuous price hikes by OEMs to recover these input cost escalations has led to India's auto market at a decade low impacting demand adversely.

Lumax Auto Technology has witnessed tremendous growth amidst all these challenges in FY2022. We have been able to post our highest ever revenue and profitability in the financial year 2021-22.

As per data published by SIAM, overall industry production witnessed a growth of only 1% in FY2022 from the previous year. Despite some recovery from a low base, sales of all four segments of the auto industry are even below the 2018-2019 levels. Passenger vehicles, commercial vehicles, and three wheelers have witnessed a growth compared to a low base of the industry in 2020-2021, but the two-wheeler segment declined by 3% from the previous year.

We are delighted to share with you that the company's application along with its various joint venture partners for the PLI scheme has been approved by the Government of India. Tremendous growth opportunities exist for each of the product line and we will be aggressively working on all the products approved under the PLI scheme to meet our strategic objectives.

Let me now take you through the performance of these business entities.

The standalone entity caters to integrated plastic module, aftermarket business, chassis and swing arm for two wheelers, trailing arm for three wheelers under the metallic business and two-wheeler lighting. The standalone entity has contributed 77% of the total consolidated revenues for FY2022.

Lumax Mannoh Allied Technologies, the 55% subsidiary, which manufacturers manual AMT and automatic gear shifter systems and has the market leadership position contributed 13% to the total consolidated revenues. The company has successfully started export of Made in India, automatic gear shifter for a global platform during the current financial year. Going ahead, we are working closely with our JV partner for a wider outreach globally.

Lumax Cornaglia Auto Technologies the 50% subsidiary manufacturing air intake systems and urea tanks commanding 100% share of business with Volkswagen and Tata Motors contributed 7% to the consolidated revenues. The company has received business nomination for plastic fuel tank from one of the major OEM. The SOP operation is expected in Q4 of FY2023.

Lumax Metallics Private Limited, the 100% subsidiary manufacturing seat frames, contributed 3% to the total consolidated revenues. Subsequent to the quarter, on 3rd May 2022, the subsidiary company has filed the draft scheme of merger with NCLT with the parent company for efficient utilization and synergy of resources. The appointed date of merger will be April 01, 2022 subject to necessary regulatory approvals.

On Lumax FAE Technologies, the company has received LOI from two major OEMs for oxygen sensors. SOP of which is expected in FY2023. The annual revenues of these LOIs would be more than 100 Crores annually at the peak volumes. The company is currently engaged in the development and validation of these sensors.

Lumax JOPP Allied Technologies is a 50% subsidiary engaged in design, development and manufacturing of gearshift towers, automated manual transmission kits, all gear sensors and forks. The production has started to pick up as per the OEM schedules. The company is also close to securing firm orders for E-actuators from a major OEM, the first by a local company in India.

Lumax Ituran is 50% joint ventures with Ituran Telematics of Israel. From January 01, 2022, the joint venture company has become a subsidiary of the company in accordance with Ind-AS 110 consolidated financial statement. Accordingly, its revenue and profitability are included in the consolidated financials from the current quarter.

Lumax Alps Alpine India Private Limited a 50% subsidiary for the manufacturing and sale of electric devices and components including software related to the automotive industry has started its commercial production at Gurugram, Haryana in the current financial year from December 01, 2021. The actual revenue in the current financial year is Rs. 10 Crores.

I am happy to share some details on the new launches made during the quarter having your company's products. The company launched the gear shifter for the new Baleno of Maruti Suzuki and the Nexon Model of Tata Motors under the passenger vehicle category.

Trends with challenges and volatility shall continue but we are confident on weathering through them with our innovation, agility, and diversity of products and location.

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

Sanjay Mehta: Good morning, everyone. Let me brief on the operational and financial performance for FY2022. Integrated plastic models contributed 24% of overall revenues followed by aftermarket at 19%, chassis at 18%, gear shifter 13%, lighting products at 11%, emission products at 7% and others at 8%. Two and three wheelers contributed 43% to overall revenue, passenger car at 20%, after market at 19% and CVs at 9%. The consolidated revenue stood at Rs.417 Crores for Q4 as against 388 Crores last year Q4 up by 7% against industry downfall of 16% which is due to increase offtake by almost all the OEMs coupled with growth in aftermarket division. For 12 months FY2022, the company reported revenue of Rs. 1508 Crores, which is historic high against Rs. 1108 Crores during the same period last year up by 36%. The company reported consolidated EBITDA of Rs.164 Crores in FY2022, which is again the historic high as against Rs. 114 Crores in the last year. The EBITDA margin for FY2022 stood at 10.8% as against 10.3% in FY2021 up by 50 bps. Profit after tax and after minority interest stood at Rs. 69 Crores as against Rs. 47 Crores in FY2021. The capex incurred during FY 2022 is Rs. 68 Crores including Rs. 20 Crores on account of right to use asset. The actual outlay is Rs. 48 Crores during FY2022. The board of Directors has recommended a dividend of 175% i.e., Rs. 3.50 per equity share subject to approval of shareholders in the ensuing annual general meeting of the company. Now we open the floor for questions.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. We will wait for a moment while the question que assembles. Our first question is from the line of Abhishek Jain from Dolat Capital. Please go ahead.

Abhishek Jain: Thanks for the opportunity and congrats for strong set of performance, Sir in gear shifter business, we have seen impressive growth in FY2022, so how was the manual versus AT and AMT and you won new business for the Baleno and Nexon in this quarter, so how much it influenced revenue growth you see from this new order.

Anmol Jain: Thank you very much. The gear shifter business did post a very good set of growth in FY2022. In terms of your question on manual to automatic 67% to 70% would have been the manual transmission and about close to 30% to 35% would be the contribution by both automatic as well as AMT, and I think the ratio in FY2023 would probably tilt a bit more towards the automatic, so it probably would end up by about 60% to 65% manual and the remaining in automatic and AMT. Specifically, what is the contribution of the Baleno and Nexon, I would request Vikas if you could throw some light on that please.

Vikas Marwah: Abhishek ji, going ahead on a full year volume, there will be an incremental about 7% impact on the total revenue from the base figure that we see today that would be incremental because of these two high-selling models and then going ahead we are also expecting more horizontal deployments of these particular model, so therefore there are very strategic events for your company to be on.

Abhishek Jain: How much is the share of the business from these two models.

Vikas Marwah: As I mentioned, totally 16% would be the contribution that would be coming from the total gear shifter sales in a full year volume from these two models alone.

Anmol Jain: I am about to give you a number about may be close to 30 odd Crores should be the annual value, which is about 15% of the total gear shifter business today.

Abhishek Jain: I am asking about share of the business in the Baleno and Nexon in the gear shifter business and who are the other competitors you have.

Anmol Jain: Abhishek ji, we would be the single source.

Vikas Marwah: Yes, we are single source.

Abhishek Jain: Who was supplying earlier to this company**.**

Vikas Marwah: We had a competitor who had a marginal share of about 15% as an alternate source. We cannot name the other players, so he had 15% share, but your company has now been trusted with 100% share on these models.

Abhishek Jain: In the plastic molded part, you have also forayed into the supply of four wheelers side also, so just wanted to know how much contribution in FY2022 from the four wheelers and how much incremental revenue you are looking from this business, especially for the whole year.

Anmol Jain: Approximately 10% of the plastic business in FY2022 came from four wheelers, 90% largely was still in two wheelers and in terms of going forward growth, I would say that we would be standing at least by close to 40 to 50% of the four-wheeler plastics business within the overall plastics business.

Abhishek Jain: What is the current opportunity size and what kind of the revenue you are targeting from next two to three years from the four-wheeler side because this is quite big and you are the tier1 supplier to Maruti and you are also talking with Hyundai and Kia, so just wanted to understand the revenue potential from this business.

Anmol Jain: To give you a feeler, I think I have always said our strategic objective is to number one diversify from two-wheeler plastic to four-wheeler. As you have seen that over the last two to two and half years, we have made some inroads into both Maruti as well as Hyundai and Kia, and today we have about 10% of the total pie coming from the four-wheeler category. Going forward, I think our strategy remains unchanged. We want to go up from a part supplier to more of a system and module supplier, at least for the four-wheeler pie and also move towards more kinematic products. I mean there are deep discussions already being engaged with the OEMs, but they do take time to fortify and converting to order book, so I would say that over period of two to three years, we would have a significant growth in the plastics to the overall group growth and like I have always said inorganic opportunities also exists in the plastic space, which the company is also dwelling upon and considering.

Abhishek Jain: How much investment you have done especially in the four-wheeler plastic moulded parts and if you are looking for some inorganic opportunity, what investment you are looking in that particular business.

Anmol Jain: It would depend on the opportunity. As I said the opportunities in the inorganic space would be more strategic in nature. I would not be able to give you any details in terms of numbers or investments yet, however, earlier question of yours in terms of the growth as I already mentioned that the four-wheeler pie from 10% going forward in the next year or two years should at least contribute to 15% of the plastic total pie, so there would be a higher growth in the percentage terms of the four-wheeler business of plastic compared to the two wheeler business.

Abhishek Jain: Sir my next question is the sheet metal business, which has seen a very impressive growth in FY2022. Just wanted to know what is the contribution from this seat frame business and you have owned several businesses in this particular area, so how big this business is going to be especially the seat frame business.

Anmol Jain: The business of metallic fabrication, which has grown by almost 50% on a year-on-year basis is largely driven by the two-wheeler, chassis and swing arm business and it does not have a growth of the seat frame business. As I mentioned earlier, we had been able to go deeper into our wallet share with our major OEM, which is Bajaj Auto. We have also risen up from the entry level export by category to the premium KTM Bikes where the contribution per vehicle is also much higher, so those are all factors which have led to these impressive numbers in terms of year-on-year growth going forward, we do expect that this business will also pose growth, which would be better than Bajaj Autos own growth plans because as I said we will be getting deeper into the wallet share, so we are not just dependent on the organic volumes growth year on year, but also gaining some traction in terms of our share of business with Bajaj overall as a pie.

Abhishek Jain: In the last quarter, you had mentioned that you have won several businesses from seat frame and especially you won the business from XUV 700, so it is very surprising that seat frame business is quite low right now.

Anmol Jain: You are absolutely right; the seat frame orders are still secured but they have yet not been productionized. There have been some delays on these model launches, but we do expect that in FY2023, the seat frame business also compared to FY2022 would be much higher at least by close to maybe about 30, 40, 50% on a year-on-year basis.

Abhishek Jain: Sir my last question is related with the air intake business that has seen a basic growth because of adding new products, urea tank and quarterly run rate has gone up to 30 Crores, so how is the outlook ahead and what kind of revenue you are targeting for next two years?

Anmol Jain: Let me give you very different perspective Abhishek. I think if I look at my order book as a company currently, I am holding an order book of close to 600 Crores and out of this 600 Crore pie , almost 350 Crores is new orders and the remaining is the replacement orders. I am saying specifically to the emission part or the air intake system part. Out of this 600 Crores almost 10% or 60 Crores is related to this business, which includes not just the plastic fuel tank, which I made opening remarks about, but also certain customized sanction on our existing products, so we do expect that we will be growing across our product lines and divisions in the coming year as well because of the strong order book.

Abhishek Jain: Your quarterly run rate is around 30 Crores, so going ahead what would be the quarterly run rate; as you mentioned based on only 60 Crores new orders you have.

Anmol Jain: You are specifically talking about the emission business, right?

Abhishek Jain: Yes, emission business.

Anmol Jain: The quarterly run rate would be probably about the same, which would be close to between 10 to 12 Crores per month.

Abhishek Jain: So, we would not see more than 20% growth in the coming year.

Anmol Jain: There is still a lot of volatility if you guarantee me that there will be more 20% more production because of chip availability I can tell you that yes, we will probably do 20% more, but given the time there is lot of uncertainty, I think the good part is that there is a strong order book, which the company enjoys across product lines and as best as possible when the OEMs do churn out these numbers, we are single source on most platforms so we will get this growth to the company as well.

Abhishek Jain: Thank you Sir. That is all from my side.

Moderator: Thank you. Our next question is from the line of Jinesh Gandhi from Motilal Oswal Financial Services. Please go ahead.

Jinesh Gandhi: Hi Sir. My question pertains to the PLI benefit, which we have got so can you throw light on what all products do we plan to make under this incentive.

Anmol Jain: Just to give you an overall feel, out of all the products which the government has approved five of our joint ventures fall under this category. Under Lumax Mannoh, we have the automatic transmission, the CVT, the DCT. In the Lumax Cornaglia we have the urea tank. We have the oxygen sensors under Lumax FAE. We have the telematics and ADAS system under Lumax Ituran and we also have the angle encoder or something called the steering angle sensor which is one of the key products under Lumax Alps Alpine, so there are bunch of baskets of product, which are approved under the AAT list and in terms of investment I think we will be going forward to make the necessary investment. We already have made certain investment in FY2022 and we will further expand these investments in FY2023 according to the government guidelines to extract the maximum benefit out of the localization as well as getting the benefit from the government in the subsequent years.

Jinesh Gandhi: I mean this would not include our electric vehicle devices and components except for what you mentioned in terms of steering angle sensor.

Anmol Jain: The steering angle sensor is a part, which goes inside the steering. It is EV agnostic. It is not specific to the EV. It is there in the current range of vehicles as well, but as a product it is something which has been added to the list.

Jinesh Gandhi: Okay got it. Second question pertains to the long-term view on the business, so FY 2022, we ended with about 1500 Crores revenues and based on the order book, which we have plus the visibility of the new products based on the recent JVs and orders on hand, how do you see this 1500 Crores shaping up over next three years based on the visibility we have?

Anmol Jain: I think we have always maintained that our first endeavor is to grow faster than the industry and I think in this particular current year FY2022, we are very fortunate that despite all the volatilities and challenges, we were able to post a 36% growth in terms of our revenue. I think obviously this was also on our lower base which was there in FY2021. In FY2023, I would say that we will continue this growth momentum because of the order book and because of these LOIs in hand, but obviously because the base has gone up, I would probably say somewhere close to 20% should be our outlook in terms of the growth in the top line, hopefully there are no sudden surprises because there are geo political issues going on. There are chip shortages, which are still going on, supply chain disruption so if all are still in console as we have seen in the last couple of months, I think that would be my outlook for the next year. In terms of giving you two-to-three-year horizon, I would probably say that we do expect to continue this growth, which we are talking about at 20% or so on annualized basis despite the higher base, so I would say that if all goes well and the auto industry bounces back to the 2018-2019 levels surely we will be able to grow at a CAGR of maybe 15 to 20% on a year-on-year basis.

Jinesh Gandhi: Got it. Last question would be with respect with our current capacity across key segments, what would be our utilization for FY2022 and at a broader company level from the investments which we have already made with respects to capacities and the capabilities what kind of revenues can we generate without material investments from here on?

Anmol Jain: In terms of capacity utilization, it hugely differs from across product line, but on an average, I would say that we would be hovering between 75% to 80% across all our product lines. There would be some specific specialized products where we would be probably as high as 90% and obviously there would be certain, which are very low like the oxygen sensor which has not really started in mass production, so we are sitting on ideal capacity with respect to certain joint ventures and certain specific products as well, but I think it is a very difficult answer to give in terms of how much incremental revenue we can get from an existing capacity utilization because as I said something like oxygen sensor where we have LOI of more than 100 Crores annually at peak volumes, we have those capacities already in place so that would probably come with almost negligible additional investment and the company still will invest in FY2023 in terms of getting into new products like I mentioned plastic fuel tanks. I also talked about getting into further deepening the wallet share of Bajaj Auto with maybe some new frame business and also the telematics, which will see the mass production start of one of the key order wins, which we had last year so all this would entail certain capex, but noting significant and I think the 20% odd products, which I mentioned would be done with decent capex close to maybe about 70 to 75 Crores in FY2023.

Jinesh Gandhi: Got it thanks. I will fall back in queue.

Moderator: Thank you. The next question is from the line of Harshil Shah from Anvil Research. Please go ahead.

Harshil Shah: Hello to everyone. My question is related to aftermarket. We have reported 280 to 290 Crores of turn over right Sir for this year.

Anmol Jain: That is correct. We have reported I believe 293 Crores.

Harshil Shah: 293 Crores. Sir are we planning to introduce new products.

Anmol Jain: I have always maintained for aftermarket and I have been maintaining the same stance Mr. Shah for the last two to three years. Our endeavor in the aftermarket is that we want to leverage the strong brand goodwill, which Lumax enjoys and we want to almost double our aftermarket revenues. This was the guidance I had given over the next three to four years almost two years ago, and I think we have grown handsomely in the current financial year as well. We have grown by almost 35%. I think going forward I do believe that we will be able to continuously grow between 25 or 30 odd percent by adding new products and not just by adding new products in the current category, but also further expanding our product range into new category, so yes there are certain products which are under review and in FY2023 we would be launching certain new products as well.

Harshil Shah: Sir one more thing. If you see aftermarket from our standalone business, I am assuming here aftermarket will be around 14 to 15% margin business. If your remove aftermarket then our margin stands around 5, 5 to 6%.

Anmol Jain: Well, this is not necessarily true, because I have other businesses like the fabrication, the chassis business also the plastic module business, which also operate in double digits so while yes your observation is correct that the aftermarket would be at higher EBITDA than the other OEM businesses, but it would not dramatically fall if we were to carve out after market.

Harshil Shah: Correct Sir. What do you see our standalone margins will go to because in this softening commodity price scenario now?

Anmol Jain: Well, I think I would look at it differently. Despite all the commodity price challenges etc., we have been able to weather the storm and expand our margin and we do not foresee and if you even look at the raw material consumption, it has been pretty much in line with the previous year. There has not been a significant increase there. The raw material escalations are largely brought back into the company from the OEMs, but yes there is lag of about 3 to 6 months in certain cases, but I do not see any reason why the cost escalation specifically on the input cost would have impact on the standalone entity margins.

Harshil Shah: Okay Sir. Our subsidiaries are doing phenomenal job and they are doing more than 15% margin, if we remove the consolidated from standalone, the subsidiaries are doing really well so only my concern is can this margin go from 12 to 13% EBTIDA margin.

Anmol Jain: Well, our endeavor has always been to get to teenage margins, so yes, our endeavor is to get an EBITDA margin of close to 13% in the near term. If you look at the margin expansion and the margins have expanded over the last four quarters and we would like to consistently maintain at least going forward with all these escalations at least above 11% should be my expectation to be maintained even in the coming year.

Harshil Shah: Correct Sir one more thing. What will be the total value of exports in total turnover and from Lumax Mannoh particularly?

Anmol Jain: The total value of exports in FY2022 stood at about close to 22 Crores, out of which Lumax Mannoh was about 20% of that.

Harshil Shah: 20% of that okay Sir and what is the potential of this plastic tank business in Lumax Cornaglia?

Anmol Jain: Vikas do you want to take that what is the market opportunity of the plastic fuel tank?

Vikas Marwah: Yes, the plastic fuel tanks will come into commercial production from April 2023. It is a very highly advanced plastic technology product, so the product development time and the machine ordering take about 9 to 12 months of lead time. We have been entrusted with two highest selling volume models of a major commercial OEM and the first-year volume value contribution would suffice to around 22 to 24 Crores expecting a good commercial year FY2024, and going ahead there are six more models which are lined up so potentially with this particular OEM alone incremental contribution in terms of revenue to Lumax Cornaglia could be anywhere around Rs. 50 Crores, so therefore it is a very very strategic and important territory.

Harshil Shah: Again, high margin business better than the standalone business.

Vikas Marwah: Yes, so if you see all the new product introduction that has happened since 2020, be it in terms of the urea tank or the new DCT gear shifters in Lumax Mannoh and now this plastic fuel tank, everything is being targeted upwards of 13% EBITDA.

Harshil Shah: Okay Sir and my last question is on the debt side. What is the net debt and what is cash on book, gross debt, cash on book and net debt?

Sanjay Mehta: In fact, we have the net debt zero and I am having a surplus of around 83 Crores. If you take the debt separate than I am having 125 Crores of debt out of that 16 Crores is long-term and balance is for working capital.

Harshil Shah: Okay Sir that is it from my side.

Moderator: Thank you. Our next question is from the line of Resham Jain from DSP Investment Managers. Please go ahead.

Resham Jain: Hi good morning. I have a couple of questions. First is the PLI, which you have talked about. This 75 Crores of capex for FY2022, does it include PLI related capexes as well.

Anmol Jain: Yes, it does.

Resham Jain: How much is that amount. PLI related capex?

Anmol Jain: In FY2022 the company already incurred about 17 Crores of capex, which was towards PLI and I believe that in FY2023 out of the 76 Crores we would probably be incurring close to about 25 Crores, which would be towards the PLI.

Resham Jain: PLI typically for a given capex the revenue is also like in a way prefixed how much revenue you need to do, so with this PLI capex how much incremental revenue can happen through PLI.

Sanjay Mehta: PLI we have to maintain 10% of the increase in the revenue from AAT products. I think In the beginning it may be the lesser, but way forward and the total incentive what we are getting is almost around 230 to 240 Crores during PLI period.

Resham Jain: Understood.

Anmol Jain: There is 50% localization content, which we need to ensure through these investments we achieve that localization content in order to avail that benefit.

Resham Jain: Okay great Sir. Thank you.

Moderator: Thank you. Our next question is from the line of Riya Verma from Oracle Securities. Please go ahead.

Riya Verma: Hi Sir thank you for taking my question. I have three questions. Firstly, can you give us an outlook on the segment wise revenue opportunity going forward based on your interactions with OEMs. Do we see improved traction in any particular segment?

Anmol Jain: Giving an outlook based on our OEM trend, I think first and foremost the shifts across model mix is constant in two wheelers as well as passenger cars, which means the entry level models are not bearing well and the mid to premium models are doing much, much better and the demands for those are way more than the entry level. I do not want to get in the reasons for that, but that is the systems, which we are seeing across both two wheelers as well as four wheelers. In terms of four wheelers, the demand is still strong and maintained strong. There are definitely supply issues with respect to the chip shortages and that is the reason the inventory is still dried up, so whatever is produced in the factory is pretty much sent out the door of the dealerships. There is very minimal inventory in the pipeline, which is a good sign so I do feel that four wheelers will still pose some good growth in FY2023 despite the volatilities, which are going to continue with respect to geo political, availability of certain natural resources or the chip etc. In terms of two-wheeler, I think overall as an industry it would still be challenging given the fact that significant pie of the overall two wheeler market is still in the commuter and the entry level segment so given that demand is not really strong I would say that two wheeler would be a challenge overall, but there would be certain OEMs, which would definitely fair better than the others based on their dependability on certain segments or dependability of the mass market and India as a whole.

Riya Verma: How are you seeing the evolution of EV industry in the near future? Are we seeing enhanced demand for EV and demand for the product category?

Anmol Jain: It is a very good question and it is something which is constantly evolving, so I would say as it follows if we look at the EV segment obviously passenger vehicle will still be a distant future to becoming a strong penetration of EV. Of course, TATA Motors is one OEM which has taken lead and is going very aggressively, but I think the other OEMs it will still be a while till EV becomes a sizeable pie of the market as far as passenger vehicle goes. There will be a faster adoption of EV in two-wheeler surely and I think that is all something which we are very clearly seeing, but of course this is still limited to the scooter segment and again right now we are looking at the mid to high-speed segments, which is the registered segment and the organized segment. I think there is a shift but I think I would still wait for the legacy players like the Heroes and Bajajs of the world. They have no choice but to get into this space, but I think only then the market will really start to shift towards EV in terms of the volumes, but clearly the year-on-year percentage increase on EV is far more than ICE engine purely because of a low base. In terms of the company, the company is quite excited about the opportunities, which EV throws at the company. Most of our products are EV agnostic, which means that we do not have a threat once the industry is moving towards EV gradually, but as I mentioned earlier, I think the company is also very strongly in pursuit of certain opportunities, which are EV critical so the company does want to get into the EV space in products, which are specific to EV across two wheelers or three wheelers as well as maybe passenger cars. Currently the company is still undergoing deep feasibility study in terms of what should be our strategy towards EV critical products.

Riya Verma: Okay Sir. Thank you that was helpful.

Moderator: Thank you. We will take our next question from the line of Abhishek Jain from Dolat Capital. Please go ahead.

Abhishek Jain: Sir there are a couple of questions from this quarter numbers. Employee expenses had gone down quarter on quarter what is the reason? Is there any one offs.

Anmol Jain: If I look at my total manpower cost as a percentage, it has dropped in FY2022 to under 11%, so is there a specific question you are looking for the quarter or for the full year. Even if I look at the Q4 specifically my total manpower cost is pretty much the same and as a percentage to sale it has dropped because of the incremental revenue growth.

Abhishek Jain: Employee expenses has gone down from 43 Crores to 40 Crores in Q4, quarter on quarter basis.

Ankit Thakral: That is correct because there were certain expenses towards the staff welfare on account of Diwali festival and mainly the reason is that.

Sanjay Mehta: Abhishek one of the items, we have shown as the extraordinary expense in Q4 relates to the separation of cost paid to employees which is not included I mean separately shown in the result.

Abhishek Jain: Okay so that means quarterly then there should be 43 to 44 Crores for FY2023.

Anmol Jain: In FY2023, I think how I would look at Abhishek is that in terms of our manpower cost a percentage to sale would largely remain similar which means that obviously there will be certain inflationary cost, which will rise on a year-on-year basis in terms of appraisals and union agreements etc., but largely the incremental revenue growth should be able to offset most of it.

Abhishek Jain: Okay, so we would not be able to get a benefit of the operating business in FY2023 because of the increase in the cost and in employees well that is a constant thing, I would say.

Anmol Jain: But that is a constant thing. I would not say we will not be able to get benefit, despite a 36% growth on a year-on-year basis which entails a huge amount of resources in terms of volume growth, in terms of engineering growth still our man power cost as a percentage to sales has fallen over year on year, so I would say that there is obviously a constant endeavor to improve our efficiencies at the manufacturing plant in order to get more per head.

Abhishek Jain: Okay and Sir during this quarter, we have seen a sharp jump in depreciation so how much capitalization of assets happened in this quarter.

Ankit Thakral: Out of around 50 Crores capitalization, most of the capitalization has happened in Q4 that is around 30 to 35 Crores and another reason for the increase in depreciation in particular quarter, there was a certain change in life of some of the asset in one of the JV companies, which is as per the technical assessment and advised by the statutory auditor

Abhishek Jain: Okay Sir so that will be the one-off sort of thing.

Ankit Thakral: Yes, that will be one-off amounting to around 70 lakhs.

Abhishek Jain: Okay Sir in this quarter also contribution from the Lumax Industry has gone up, is it for aftermarket business only.

Anmol Jain: Yes, absolutely aftermarket has posted a strong growth compared to Q3 to Q4, so again this is significantly because of the lighting because lighting is what is supplied to the aftermarket?

Abhishek Jain: Sir few quarters ago, you had closed your business for the sensors so are you looking to start that business again.

Company Speaker: I am sorry I did not understand. Which sensor business did we close?

Abhishek Jain: Electric parts business and you were supplying to the Lumax Industry. Now Lumax industry has started its own captive supply, so I was talking about that.

Anmol Jain: We did not close that business. I think I explained that time that was a strategic call driven by our customers where electronics was becoming more and more important in the whole lighting as a product and that is why because at the request of our customers, we did accept that request and we made it as a backward integration in the other company and that is why it was sold to that company at the market value. With respect to your question, whether we will continue I think the bigger question is Abhishek that we will continue to develop whatever technological capabilities are needed to advance our product into the OEMs for our current set of products as well as for new set of product, so even if they mean that we will have to further expand our electronic footprint for this company then we will do so and we have already seen certain things on Lumax Mannoh Joint Venture where we are getting into EV gear shifters, we are getting into automatic gear shifters, which also have higher electronic content so to answer your question I think it is complimenting within the group and wherever the need is we will definitely go and do that as a part of backward integration.

Abhishek Jain: My last question is related to EV segments, which are the products you are looking to introduce to tap the growth of EV especially are you supplying anything to Chetak.

Anmol Jain: We are not supplying anything on the current Chetak, but we are in discussion with many OEMs not just one OEM for producing and developing our products for their future EV requirements, both in two wheelers as well as in four wheelers.

Abhishek Jain: Are you looking some inorganic opportunity in that side Sir?

Anmol Jain: Not in EV space. We are looking at organic opportunities in the EV space, but inorganic space for other businesses we are surely pursing opportunities inorganically.

Abhishek Jain: Sir can we throw some more light on which products we are going to add in that?

Anmol Jain: I did not understand your question.

Abhishek Jain: Which products are you going to start supply in the EV segment and you are watching on the R&D side.

Anmol Jain: Abhishek as I mentioned EV critical products are yet under feasibility. We still have not finalized which products, which are EV critical would we want to enter. The engagement, which we have currently with the OEMs are for existing products which are EV agnostic, which means they do not have threats on EV, but they have further opportunity for EV so that are the products which are currently under discussion, but specific to EV we are still in the process of making our strategy which is clear and I hope that by end of this fiscal year we should be able to announce certain strategic moves on the EV part.

Abhishek Jain: Thank you Sir.

Moderator: Thank you. The next question is from the line of Pritesh Chheda from Lucky Investment. Please go ahead.

Pritesh Chheda: Sir I joined a bit late; I do not know if it was asked, but some total based on your assessment for the visibility that you have from the OEMs plus whatever new product addition led growth that would come in, what kind of top line growth do you see in FY2023?

Anmol Jain: Yes, I gave this guidance earlier and I will take that in two parts. I think FY2022 was a phenomenal growth of 36%. This was basically on a lower base which was there in FY2021. Obviously FY2023 we are not looking at similar numbers, but I still do expect maybe if uncertainty and the volatility to continue, I would probably give an outlook of give or take 20% in FY2023 over FY2022 in terms of top line growth. In terms of margin, I have said we will probably maintain our FY 2022 margins or probably even expand them to beyond 11% for the full year. In terms of the revenue, we also have a very strong order book of close to 600 Crores, which the company enjoys. Almost close to 350 out of this 600 is new business, which is not a replacement business, which means there is a strong upside on the total revenue side. Part of this will come into FY2023 and part of this may come in FY2024.

Pritesh Chheda: Which means the three-digit PAT figure post minority is more likely two years from now so let us see

Anmol Jain: Three-digit PAT figure post minority, I would say surely there has been significant improvement for the full year, I would not be surprised may be one to two years we should probably start reporting a three digit and this is given the rider that we are talking about completely organic growth.

Pritesh Chheda: Yes, Okay thank you very much Sir.

Moderator: Thank you. Our next question is from the line of Harshil Shah from Anvil Research. Please go ahead.

Harshil Shah: Hi Sir. It just an observation. We believe buy back is more tax efficient way of distributing profits and it will also reduce equity over a period of time and it is expected 42% in the hands of shareholders and the promoters as well so you can think about it just a suggestion and can you give us broad industry outlook, two-wheeler, four-wheeler, EV how do you see things now.

Anmol Jain: I will give you the industry outlook any maybe I can request Mr. Khanna to give you some light later on the whole talk about equity or Mr. Sanjay Mehta. In terms of two-wheeler outlook and passenger car outlook as I mentioned earlier, we are first seeing a fundamental shift which is more people buying mid to premium level models, this is happening in two wheelers as well as in the passenger car segment, but in terms of the overall demand I think passenger vehicle segment is still buoyant, there are not much inventory in the pipeline, so because of the semiconductor shortages and also the new launches I think there is a strong demand in the market and whatever is produced by the OEM is readily going out of the door of dealership, so that is good a problem to have and I do not expect any reason why in FY2023 most of the OEMs should be reporting good set of numbers in terms of their overall growth in revenue and vehicle numbers. In terms of two wheelers slightly there is different approach. The overall market because it is highly focused on the commuter segment, the demand itself is weak which means that overall industry, overall segment as such will probably be not growing significantly, we probably expect may be some single digit growth. This is my personal take on it, but within the two-wheeler segment certain OEMs will definitely grow much more better because strategically they are separately placed in terms of dependability on the commuter segment or dependability on the motor cycle segment or dependability on India as a country so certain OEMs will fair better, but I think the sentiment overall in the two wheeler industry is still weaker, passenger cars is very strong and I think commercial vehicles I will just add has definitely seen uptick and we are seeing volumes coming back I think partly it is also to do with the huge government push on infrastructure spending, commercial vehicles is directly related to that. That was my take on the industry outlook and what is your other question.

Harshil Shah: Sir only the buyback is only a suggestion to you. Being promoter, the profit that we distribute by way of dividend **is** taxable at the rate of 40 to 42% in the hands of investors, depending on your tax slab basically so if we do buyback, we will be paying only 10% long term capital gain tax, so just a suggestion you can just have a look at it.

Naval Khanna: This is Naval Khanna here. Are you saying buyback for the promoter?

Harshil Shah: No for yours. We are distributing Rs. 3.5 you are giving Rs. 3.5 dividend. Instead of giving dividend like 6.8 Crores, 7 Crores, share into Rs. 3, 25 to 26 Crores is the total payout. We can do tender offer and everyone can participate even the promoters and shareholders so that will be very efficient way of disturbing the profit.

Naval Khanna: Definitely we will examine this.

Harshil Shah: But you have to pay the long-term capital gain tax then too we will have the grand fathering benefits.

Naval Khanna: Okay we will examine this. Thanks for the suggestion.

Moderator: Ladies and gentlemen that was the last question. I would now like to hand the conference over back to Mr. Anmol Jain for closing comments.

Anmol Jain: I would like to thank you all for joining into the call. I really hope that we were able to answer all your questions. If there are any further queries you may please get in touch with us or SGA. We will be happy to address all your queries. Thank you, stay safe and stay healthy.

Moderator: Thank you members of management. Ladies and gentlemen on behalf of Lumax Auto Technologies Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.