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Listing Compliance Department  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001

National Stock Exchange of India Limited  
Listing Compliance Department  
Exchange Plaza, C-1 Block G,  
Bandra Kurla Complex,  
Bandra (E), Mumbai – 400051

Security Code : 532796

Symbol : LUMAXTECH

**Subject: Transcript of Analysts/Investors Earnings Conference Call Q4 FY20-21**

Dear Sir/Ma'am,

Please find attached herewith the Transcript of Analysts and Investors Earnings Conference Call of the Company which was held on Tuesday, 15<sup>th</sup> June, 2021 at 02.30 P.M. to discuss Operational and Financial performance for the 4<sup>th</sup> Quarter and Financial Year ended on 31<sup>st</sup> March, 2021.

The same will also be made available on the website of the Company at [www.lumaxworld.in/lumaxautotech](http://www.lumaxworld.in/lumaxautotech).

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

Thanking you,

Yours faithfully,  
For **LUMAX AUTO TECHNOLOGIES LIMITED**



**ANIL TYAGI**  
**COMPANY SECRETARY**  
**M.NO. A-16825**



Encl.: as above



“Lumax Auto Technologies Limited  
Q4 and Financial Year 2021 Earnings Conference Call”

**June 15, 2021**

**Disclaimer:**

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



**Moderator:** Ladies and gentlemen, good day and welcome to the Lumax Auto Technologies Limited Q4 and FY2021 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 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. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, 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. Thank you and over to you Sir!

**Anmol Jain:** Thank you. Good afternoon ladies and gentlemen. A very warm welcome to FY2021 earnings call of Lumax Auto Technologies Limited. I sincerely hope you are all safe and keeping healthy amidst these challenging times. Along with me on this call, I have Mr. Deepak Jain, Director, Mr. Vineet Sahni, Group CEO, Mr. Vikas Marwah, Lumax Technology CEO, Mr. Naval Khanna, Executive Director of Lumax Management Services, Mr. Sanjay Mehta, Director and Group CFO, Mr. Ashish Dubey, Lumax Technology CFO, and Ms. Priyanka Sharma, Head Corporate Communications, Mr. Ankit Thakral from Finance Team and SGA, our Investor Relations Advisor.

The results and presentations are uploaded on the Stock Exchange and Company website. I hope everybody has had a chance to look at it. Since fiscal 2021 started off with a pause, and by the time we were reaching towards the end of the year, the New Year started off with new challenges. The second wave has affected many of our near ones and unfortunately taken away some of our loved ones too.

The second wave was different than the first one on three aspects; first, it affected the rural markets unlike the first wave, number two, the demographics and the age group, it attacked was much younger compared to the first one and number three it left behind fear and not just inconvenience. Transition towards normalcy is going to be a long-drawn process but with good monsoon and hopefully, no third wave anytime soon, I hope for a quick bounce back.

Let me take you through the performance of the auto industry. As per data published by SIAM in the financial year FY2021 there was a degrowth in production of all segments compared to the previous years, a degrowth of 11% for passenger vehicles, a degrowth of 13% for two-wheelers, degrowth of 17% for commercial vehicles and a massive degrowth of 46% for three-wheelers thereby the total industry degrew by 14% during the year.

Let me now take you through the performance of each business entity. The standalone entity caters to integrated plastic module, aftermarket business, chassis, swing arm for two-wheelers, trailing arm for three-wheelers under the metallic business and two-wheeler lighting. The standalone entity has contributed 81% of the total consolidated revenue.



Lumax Mannoh Allied Technologies the 55% subsidiary that manufactures manual, AMT and automatic transmission gear shift systems and has a market leadership position contributed 11% to the total consolidated revenues.

Lumax Cornaglia Auto Technologies, the 50% subsidiary, which manufactures Air Intake Systems and urea tank commanding 100% share of business with Volkswagen and Tata Motors, contributed 7% to the total consolidated revenues. The subsidiary company has registered a growth of more than 50% year-on-year due to the start of manufacturing of urea tank at the beginning of the financial year 2021. This is despite the COVID pandemic year.

With effect from October 15, 2020, Lumax Gill-Austem Auto Technologies Private Limited became a 100% subsidiary of the company on acquisition of balance stake from the JV partner Gill-Austem LLC. The name of the company has been changed to Lumax Metallic Private Limited. The company is confident of increasing the revenues over the next few years with new programs starting in FY2022 and a healthy order book.

Lumax Ituran is a 50% joint venture with Ituran Telematics of Israel. The company had started commercial invoicing although at a low base. The revenue of this company is not considered in the consolidated revenue being an associate of the parent company as per Ind-AS. The company has secured a letter of intent from a global OEM, SOP of which is expected in FY2023.

Lumax JOPP Allied Technologies is a 50% subsidiary, which is engaged in the design, development and production of gear shift towers, automated manual transmission kit, all gear sensors and forks. The production has started to pick up as per the OEM schedules.

Lumax Yokowo Technologies is the new 50:50 joint ventures with Yokowo Technologies Limited Japan to manufacture and supply antenna systems and other vehicle communication products to the Indian Automotive Industry. We are set to commence production in the later part of FY2023.

The company was also bestowed on several awards during the year. One of the prestigious awards was that the company won the Platinum Award for Best Annual Report from League of American Communications Professionals for Excellence within the Industry for the Financial Year 2019-2020. In FY2021 your company secured a healthy order book of over Rs 400 Crores and achieved highest ever quarterly revenues in Q4. As forecasted during the second quarter call, we performed well in the second half of the year due to which the revenue for the full year is down by a mere 3% as against industry degrowth of 14%.

The year FY2022 has started with new curbs and most of the OEMs had shut their operations in the month of May either voluntarily or due to lockdown imposed by state government. OEMs have also faced lower demand on account of partial functioning of dealership. There have been shortages of critical items like industrial oxygen and semiconductors, essential for production and manufacturing of vehicles. There have also been issues with logistics and disruptions in



*Lumax Auto Technologies Limited  
June 15, 2021*

supply chain. However, demand is expected to rebound as restrictions are lifted. We are hopeful of a fast recovery with expectations of a good monsoon and all other positive macro-economic factors

On the employee's welfare and vaccination, I am happy to say that we at Lumax have always believed people are our biggest asset and their health and safety are of utmost priority to us. Therefore, at the group level, we had set up quarantine centres at various plant locations fully equipped with oxygen concentrators, ambulance services and basic medical support including a 24 x 7 doctor on board. The COVID-19 vaccination drive was kick started in April 2021 at our facility. Till date total of five camps have been held and around almost 1,000 employees have been vaccinated. We intend to do vaccination of our people and their families as soon as possible as a responsible corporate.

Now I would like to hand over the line to Mr. Sanjay Mehta, Director and Group CFO to update you on the operational and financial performance of the company for Q4 and 12 months of the fiscal year 2021.

**Sanjay Mehta:**

Good afternoon everyone. Let me update on the operational and financial performance of the company. Integrated plastic modules contributed to 28% to overall revenue, followed by aftermarket at 20%, chassis at 16%, lighting products at 12%, gear shifter at 11%, emission at 7% and others at 6%. Two and three-wheelers contributed 45% to overall revenues. Aftermarket contributed 20%, passenger car at 18% and CVs at 10%.

The consolidated revenue stood at Rs. 388 Crores for Q4 FY2021 as against Rs.273 Crores in Q4 FY2020 up by 42%. On a full year basis, the company reported Rs. 1,108 Crores revenue as against Rs. 1,141 Crores in FY2020 down by only 3%. The company reported consolidated EBITDA of Rs.47 Crores in Q4 as against Rs.21 Crores in Q4 FY2020 up by 122%. The full year EBITDA was at 114 Crores vis-à-vis 109 Crores for FY2020 up by 5%.

The EBITDA for FY20-21 does not include gain on sale of property amounting to Rs 2.2 Crores which is a part of third quarter other income. EBITDA margin stands at 12% for Q4 as against 7.7% for Q4 FY2020. Margins improved on account of increased revenue coupled with cost saving measures. The full year FY2021 EBITDA margin stands at 10.3% as compared to 9.5% in FY2020 up by 80 basis points.

Profit after tax and minority interest stood at Rs. 21 Crores in Q4 against Rs 6 Crores in Q4 FY2020 and on annual basis FY2021 it is Rs. 47 Crores as against 50 Crores in FY2020. The capex during FY2021 was Rs.65 Crores mainly on account of start of production of subsidiary company in the Lumax FAE and urea tank.

The board has declared final dividend of 150% Rs.3 per equity share subject to approval of shareholders in the ensuing Annual General Meeting of the company.



Now we open the call for questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Abhishek Jain from Dolat Capital. Please go ahead.

**Abhishek Jain:** Thanks for taking my question and congrats for a strong set of performance. Sir CV segment contribution has gone up to 10% so just wanted to know what is your medium-term target revenue from the CV segment, and which products could be a potential revenue driver in CVs. There is a significant jump in revenue from Tata Motors as well is it because of the incremental revenue from the urea tanks business only?

**Vikas Marwah:** Thank you for your question. You are right that due to the enhanced focus of the company on the commercial vehicle segment the product development for the urea tank which was got commercialized for SOP during the pandemic year and we supplied 97,000 urea tanks in spite of April to June being a washout. We are looking at an increased volume sale of about 1,30,000 urea tanks during the current year. We have also won the gearshift lever assembly orders from couple of commercial vehicle OEMs which will start picking up for production from Q3 of the current year. So, these are the two flagship products we can say which will be now driving the enhanced focus from the commercial vehicle segment.

**Abhishek Jain:** So, what is the average revenue from this urea tank per unit?

**Vikas Marwah:** On an average, we are supplying around a 10-liter capacity tank to the commercial vehicle customer right now and the price ranges between Rs. 2,200 and Rs.2,400 per tank and the electronic content on this and the other is extra. So, going ahead your company would be trying to put more value addition into this particular segment to increase the per unit price.

**Abhishek Jain:** So, what is your revenue target from the urea tank in FY2022?

**Anmol Jain:** The market size of urea tank is about Rs 400 Crores to 500 Crores and as I had mentioned earlier the phase I target would be to capture approximately a 10% to 15% part of that pie thereby about 50 Crores. For FY2022 I think we are pretty much in line with meeting that objective.

**Abhishek Jain:** Sir we have seen a significant jump in the Air Intake System business. Obviously, that is one from the significant jump in the urea tank revenue and the other is the oxygen sensors. So, what was the revenue contribution from the oxygen sensors in FY2021 in Air Intake business?

**Anmol Jain:** See there are two very different things the oxygen sensor is a very different joint venture which is with a Spanish company Lumax FAE. I do not think there were any significant revenues made in FY2021 out of that joint venture even though we have started supplies to certain OEMs but it is still at a very nascent and small state. For the Air Intake Systems, yes there has been a significant growth both in terms of the Air Intake System by itself and of course with the entry into the urea tank, which rests into the same joint venture of Lumax Cornaglia.

- Abhishek Jain:** Sir in oxygen sensor you book the revenue in the other parts or in which segment actually?
- Sanjay Mehta:** That we have booked in others because of miniscule item in those other segments.
- Abhishek Jain:** And the quantum is quite low in FY2021?
- Sanjay Mehta:** Yes.
- Abhishek Jain:** FY2021 growth in aftermarket business was quite strong. Given the lockdown impact in first quarter FY2022 and a high base are we able to surpass the last year number Sir in aftermarket business?
- Anmol Jain:** Definitely aftermarket for the full year despite a quarter one washout we have pretty much been able to grow by 4% on a year-on-year basis; however, in Q4FY21 we grew by almost 60% so we also achieved peak revenues per month in quarter four and if I were to annualize the quarter four revenue then we would be definitely on track in our mid-term goal to double the aftermarket revenue so we would be on track with that, but we do expect a strong recovery once the lockdowns are lifted and we should come back on track to deliver the aftermarket business where we intent to move in our long-term strategy.
- Abhishek Jain:** There is a very significant opportunity you are looking in the plastic molded parts especially in the four-wheeler side; you have also won new business from Maruti as well. So, what would be the incremental revenue you are looking in FY2022 from four-wheeler plastic parts?
- Anmol Jain:** Well, I think the incremental revenue. Vikas if you want to throw some light on that on the plastic four-wheeler.
- Vikas Marwah:** The incremental revenue on the plastic four-wheeler parts would be a double-digit kind of a figure which would come mainly from the new entry into the Maruti businesses. The full value revenue would be realized only in FY2023 but happy to inform you that we have commenced the setting up of the plant at Bengaluru which would be now catering to this particular business.
- Abhishek Jain:** What is the capex and asset turnover of that plant?
- Anmol Jain:** The total capex outlay for FY2022 would be just approximately Rs 100 Crores at a consolidated level and when Vikas mentioned for the Bengaluru plant it is actually not a Greenfield site it is a Brownfield expansion of our current facility so we do not expect more than maybe about Rs 15 Crores to 20 Crores going out of the 100 Crores on expanding for the plastics four-wheeler business.
- Abhishek Jain:** What revenue we are targeting from FY2023 from this plant?



- Anmol Jain:** The incremental revenue from the plastic four-wheeler business over as Vikas mentioned in FY2023 would be the peak but to give you a flavor we should be looking at upwards of anywhere around 40 Crores to 50 Crores of incremental revenue from the four-wheeler plastics in FY2022.
- Abhishek Jain:** Last question from my side on the sheet metal part there is a significant ramp up and quarterly run rate has gone up to Rs 66 Corers is it because of the increasing share of the business from existing client or you added some new clients in this segment?
- Anmol Jain:** We have constantly said that we will try to improve our wallet share in all our existing businesses and that is exactly what has happened. We have been able to penetrate deeper into our customer Bajaj Auto for the fabrication metallic business and we are now catering to both the export model as well as now the premium bikes of KTM model so that has been the result of increase in our market share or wallet share in Bajaj Auto which has led to this significant growth in revenue.
- Abhishek Jain:** Bajaj Auto is the only client in the sheet metal part or there are other clients as well?
- Anmol Jain:** Bajaj is right now the single largest customer for the metallic business of the company.
- Abhishek Jain:** That is all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.
- Pritesh Chheda:** Sir if you could give some color on the new order wins which you mentioned at about 400 Crores for FY2021 is that correct and how much of the new order win is executable in 2022 and how much of it will get ramped up to what number?
- Anmol Jain:** I will start off and maybe Vikas could supplement later. The total order book approximately at 400 Crores, which I mentioned nearly close to about a 120 Crores to 150 Crores of this would be coming in FY2022 and the balance would come in FY2023 and some of it might even get spilled as close to FY2024 out of the total 400 Crores roughly about 100 Crores or about 25% is a replacement business and almost 75% is the new business, which we will add to the incremental revenue.
- Pritesh Chheda:** If you could give on the new business wins, what new business wins that we got any major ones if you could share?
- Vikas Marwah:** In terms of the new business wins as Mr. Jain indicated, the total figure the bulk of the new wins has come in the Lumax Mannoh Auto Technologies business for the gear shifters where we have got the orders to be served out of Bengaluru. Which will be again a new Greenfield investment and the commencement of the production of this plant is beginning this year that would be one big business that would be coming besides that the AMT business win that Tata have got further





strengthened with the expansion of the platform and as you may be aware we informed in the last earnings call the successful launch of AMT gear shifters with the Tata Motors has commenced. Also, we have won several new programs with Mahindra again in the gear shifter business. Coming to the other businesses of course as Mr. Jain mentioned we have increased our share of wallet with the metallic business with the first production of the frames for motorcycles now coming from Pune. We were always at Aurangabad we have started the commercial production at Pune now. And we have also won the orders again from PSA this year for the emission business for Air Intake Systems and about 150 Crores of incremental revenue is expected to be added in all these businesses put together in FY2022 as we look at it.

**Pritesh Chheda:** You mentioned bulk of this is from Mannoh so there is CV, gear shifter, Tata Motors PV gear shifter, Mahindra PV gear shifters, right?

**Anmol Jain:** That is right and along with that Lumax JOPP which comes under our mechatronics domain for that also the new business wins for control housing product, which is the new product that has been introduced during FY2021. So, that also with Mahindra being the flagship customers these new businesses will be now adding on to the revenue.

**Pritesh Chheda:** 120 Crores of additional revenue that the MD mentioned was basically incremental right this did not include any replacement business?

**Vikas Marwah:** So out of the total order wins of about 400 Crores about Rs.150 Cr worth of the business will be added to the topline in FY2022 as per the current projections.

**Pritesh Chheda:** But Sir that 400 Crores includes 25% replacement right which is 150 Crores now you are mentioning is incremental or that also includes replacement?

**Vikas Marwah:** That includes some bit of replacement also because the couple of programs are coming to end; end of life, so roughly you can say about 122 Crores would be the incremental new business contribution from the new business wins.

**Pritesh Chheda:** So, considering this new business which is let us say about roughly 10% of our FY2021 topline incremental coming from new business what is our type of topline growth that you would hazard a guess in FY2022 for yourself?

**Anmol Jain:** Right now, we are looking at and if the industry were to bounce back and again, we have maybe had some shortfalls in the first quarter itself but we would be looking at anywhere between a 25% to 30% or upwards revenue growth over FY2021 in FY2022.

**Pritesh Chheda:** On the margin side, we were earlier mentioning that you will do double-digit what we see our exit quarter at much higher number, is exit quarter a reference number for the margin or the annual number is the reference for the margin?



- Anmol Jain:** Well, I would say that the annual number we would like to maintain that in FY2022. The fourth quarter of course has been a higher number because of several reasons of cost savings and a much higher revenue base as well. I do not anticipate a similar revenue base to continue in the corresponding quarters equally so there would be some, and some certain inflationary costs would also come in. But I would say that the intent would be to take the base of FY2021 EBITDA margins and we would definitely do our best to further expand on that with the incremental revenue growth in FY2022.
- Pritesh Chheda:** Thank you very much and all the best to you Sir.
- Moderator:** Thank you. The next question is from the line of Atul Kothari from Progwell Securities. Please go ahead.
- Atul Kothari:** Sir I have a couple of questions sir first of all I would like to know did we face any logistic related issues due to lockdown in the month of April and May?
- Anmol Jain:** You are talking about logistic issues can you be more specific in terms of our inflow of parts or versus the other OEMs?
- Atul Kothari:** How much business we lost due to the second wave of COVID? What was the overall impact on our business Sir?
- Anmol Jain:** Still premature to determine but I think we would have had a maybe 15% to 20% shortfall than what we had forecasted in quarter one.
- Atul Kothari:** Sir are we likely to recover the same going ahead?
- Anmol Jain:** It is too premature I would only say that none of the OEMs so far have revised their annual forecast or annual outlook for FY2022. So, we do remain hopeful that most of these OEMs had advanced their June shutdowns in the month of May so we are hopeful that in the month of June we would actually fair a better revenue than what was anticipated and yes likely to recover most of this deficit in the corresponding three quarters this would be our thought of course with a disclaimer that I hope there is no third wave and the momentum continues to be on the positive side.
- Atul Kothari:** Sir what is the raw material recovery lag period in our case so do we expect higher cost due to the increase in commodity prices?
- Anmol Jain:** Our raw material usually is compensated by our OEMs the escalations in the raw material; however, depending on OEM the policy is usually on a one to two quarters lag basis so we of course have to give the subsequent increases to our suppliers on a real time basis but then the corresponding effect of that comes in, approximately three to four months later into our books of



accounts and that is the way the policies are structured with our OEMs on the raw material compensation.

**Atul Kothari:** Sir as you said that we normally take one to two quarters there is a lag period of one to two quarters so will there be a sufficient impact or adverse impact on our margins in this quarter in FY2022?

**Deepak Jain:** Let me just take this. The Q1 I think we would not be able to give you a very firm outlook. I think it is that the markets are volatile as you know very well. There is obviously a lot of effort, which the company is making to ensure that we are able to sustain our margins May month as Anmol has mentioned already so the impact is due to COVID. Presently we will be in a better position to comment about that I mean to say when we are doing sort of call for the Q1 FY2022.

**Atul Kothari:** Sir how has been the demand from the rural area for us in Q4 and especially again in the first two months of Q1 FY2022 April and May?

**Anmol Jain:** It is very difficult because we are a B2B. We do not track the end-user behavior in terms of whether the retail sales are being done in the rural and urban but based on the model, which we are catering to. I would say that there has been yet in the two-wheeler space a certain dip in the demand of entry level bikes but the exports and the premium bikes in the two-wheeler space has still maintained its momentum and in the passenger car space it has been a mixed bag. But overall, I think there has not been much of an impact on the passenger car for any specific rural region.

**Atul Kothari:** Thank you very much Sir. That is all from my end.

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

**Resham Jain:** I have two questions. So, first is on the aftermarket business where you did extremely well within aftermarket you sell like a full bouquet of products so any specific range of products or any segment within aftermarket where you focused and that helped this growth and going forward what will be the strategy over there?

**Anmol Jain:** Vineet, would you like to add on the aftermarket strategy?

**Vineet Sahni:** In aftermarket, we have taken three-pronged strategy I would say. One is we were very strong in lighting but our two-wheeler market share was less so we created a product development cell, a team and we launched several products in last couple of years which increased our market share in aftermarket so that is on the two-wheeler lighting part of it and the second we have launched other products as well. For example, recently we have launched the wipers under the brand of Lumax and that is adding on to the revenue and third Mahindra products which were not going to the market earlier so we have now agreement with our customer and we are able to push these



products as OE products in aftermarket which has helped us to increase the revenue so overall the picture for aftermarket look very optimistic in future.

**Anmol Jain:** I will just add to that, apart from the product development we are also constantly focusing on getting into new product lines and trying to further have a market share in our current product line so there has been some traction in FY2021 but because of the volatility in the lockdowns and in region wise aftermarket business we do expect that in FY2022 we should fare better on those fronts as well.

**Resham Jain:** Sir second strategy in a way which has helped you is some of the two-wheeler companies which you work with has a good export proportion and despite domestic market getting impacted that business actually did pretty well, but that is indirect exports I wanted to just understand are we looking for any direct exports as well as a strategy because some of the products which we might be manufacturing we can do exports of that and derisk any of our verticals. Just on the direct export side any strategy?

**Vineet Sahni:** We have taken a strategy in aftermarket at this moment to promote the exports in the aftermarket business and we are focusing on that and we have started seeing traction but for the OEM at this moment we still have to work out on the buyback arrangement because in almost all product line we have global partners so there the market is divided like we are focusing on India and they are focusing on other than India. But we are working on buyback arrangements in future, which will help us in increasing export so this strategy is under discussion.

**Resham Jain:** Last question is on our medium to long-term margin guidance obviously, the current situation the raw material prices have increased and all but what will be your medium to let us say three to five years kind of margin trajectory which you want to achieve any ballpark number if you can give that could be helpful?

**Anmol Jain:** I have said that in the past that our endeavor is to enter the teen EBITDA margin upwards at 13%. I think we are inching towards that. If you look at quarter three performance or even quarter four performance, standalone, it was hovering around the 12% mark of course for the full year we have just been over the double-digit but I think going forward with the incremental revenue growth and as the strategy plays out, we definitely think that getting to 13% would be the first milestone. And then to sustain it and further grow it, would be something which we would look at, at that point of time but right now the endeavor would be to grow from a 10% plus to near 13% in the mid-term.

**Resham Jain:** Thank you and all the best.

**Moderator:** Thank you. The next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.



**Saket Kapoor:** Good evening Sir. Thank you for the opportunity. Sir if I could just sum up from your earlier conversation, I joined a bit late. You are expecting a 20% to 25% revenue growth depending upon the roadmap given by the OEMs for this year and there is very likelihood of an improvement in margins because of our greater penetration towards the aftermarket products and sales, is it correct?

**Anmol Jain:** That is correct the overall consolidated revenue growth, yes, we do anticipate a growth of 20%, 25% or more but the aftermarket is just one of the business avenues, which will contribute to this growth. As I had mentioned earlier, we have a very healthy order book across our businesses, which will get into SOP and in the revenue stream in FY2022 so almost all of our businesses would be contributing towards this growth of 20% to 25% or 30% in FY2022.

**Saket Kapoor:** Sir and how has this nonavailability of semiconductor played and how are we make sure that this is not acting as a hindrance for our growth plans going forward?

**Anmol Jain:** Vikas will you take that.

**Vikas Marwah:** In terms of the products that are currently supplied by Lumax Auto Technologies, the electronic content is on the rise especially with the introduction of the AMT gear shifters and now getting into Dual-Clutch Transmission assemblies. And also going ahead in the future with the Ituran products that would be supplied from major global OEMs. The semiconductors currently while in FY2021 have not been a showstopper to that extent but we started sensing right from Q2 of last year that there would be issues coming in terms of procurement and pricing for which we actively engage with the OEMs. The OEMs are currently supporting the sourcing of the semiconductors as well. We are also building on the synergy of the group as a whole where Lumax Industries Limited has a large electronic division and they have a joint venture partner with Stanley and they have sourcing and buying offices in Taiwan and other parts of the world. So, we are leveraging upon that to ensure that there is a seamless supply of these critical components going ahead and at Lumax Auto Technology for FY2022 we do not see a challenge in terms of semiconductor sourcing. We are equipped for that. We are derisking it at a group level. We do not anticipate any major setbacks because of semiconductor at least on the supply side of course on the OEM demand side if there were any setback those are beyond our control.

**Saket Kapoor:** Sir if we take the H2 how has the utilization levels played out for quarter three and quarter four comparative for the utilization level as a whole or on blended basis?

**Anmol Jain:** I am assuming the utilization you are talking about capacities utilization?

**Saket Kapoor:** Yes, Sir.

**Anmol Jain:** It is kind of a difficult mix because we are a very diverse product portfolio as well as the customer portfolio. But to give you a very generic our capacity utilizations in quarter three and quarter four where we clocked the highest quarterly revenues has been anywhere between

upwards of 80% or so for certain products. And that is why there are further Brownfield and Greenfield expansions and investments planned; however, there are still the recent joint venture some of them, which are really sitting on idle capacities and we have enough to scale up those joint ventures to a mature level so to that aspect we also would have businesses which would be sitting on maybe 80% idle capacity so it is a mix.

**Saket Kapoor:** Last part on the book keeping part, we see that and that the asset category noncurrent asset that there has been an increase in the investment from 50 Crores to 90 Crores as well as under the current asset also the same has gone up from 11 Crores to 40 Crores. If you could explain what these investments are into and how are we going to benefit from the same? Thanks.

**Sanjay Mehta:** Due to. Valuation of Investments, we have our investment in Lumax Industries and also in Lumax Ancillary Limited. Every year we are restating it on the market price. So, that is the reason for the increase in the investments.

**Saket Kapoor:** Both clubbed under noncurrent as well as current assets?

**Ankit Thakral:** It is only noncurrent investments and under the current investments, there has been an increase in the mutual fund amount & correspondingly there is a decrease in the current account balance as compared to the previous year. So, we have just put current account balance into the mutual funds.

**Saket Kapoor:** Lastly Sir on the dividend distribution policy have we articulated please correct me if the same has been done for us as has been the requirement from SEBI now also that the corporate are required to come up with the dividend distribution policy so are we looking into it or have we articulated anything on that front?

**Anmol Jain:** We have a very clear dividend policy which states that we must maintain a minimum dividend payout of 35% or one-third of the dividends must be distributed to the investors. That is very clearly the policy and we are happy that we have been able to maintain that even in the most difficult times in the previous years.

**Saket Kapoor:** Thank you Sir and all the best Sir for the future.

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

**Apurva Mehta:** Congratulations on good set of numbers. Sir just wanted to ask you about long-term three year down the line where do we see our company to be in the turnover side and the margin side kind of things and also can you describe in detail what will be the role of different subsidiaries in that growth so we can come to know that where we stand after three years. Where do you see this company? I know it is very difficult but broadly speaking where do we see our companies to reach out in next three years?



**Anmol Jain:** Thank you very much. I will give you two senses of this. See number one if you look at the revenue, I have always said that the Lumax Technologies, our constant endeavor is because of a diverse product partnership and customer base, we definitely would like to constantly fare better than the industry and I am happy that even in FY2021. You see that and even if you look at the last three years FY2019, 2020 and 2021 while the industry has degrown by almost close to 30% Lumax Auto Technologies as a company has only degrown by 7% in the last three years. So, that also speaks volumes about our inherent capability and positivity. I think going forward I would say that we will do better than the industry whatever CAGR the industry grows at we would definitely be far, far better than that. If you look at our joint ventures and our subsidiaries right now, they contribute about 20% of the consolidated revenues. I think the guidance I have given earlier some of these joint ventures are yet to scale up and hit the maturity levels. So, I would say over the next three to five year's horizons, the joint venture subsidiary should contribute about one-third of the consolidated revenues. So maybe about 30%-35% of the revenues should come from the JV subsidiaries and the balance would come from the standalone entity. Giving you an outlook on the revenue would be very, very difficult, but as I said I mean if the industry grows in double digits over the next few years let us say 10% to 12%, we would expect to grow at, at least 15% to 18% or so on a year-on-year basis. So having said that if I arithmetically calculate that from a current revenue base of 1100 odd Crores over the next three to four years you should look at inching close to that the 1800 Crores, 2000 Crores mark.

**Apurva Mehta:** But if you just calculate this year only if you said your guidance is about 25% - 35% and if we take the upwards of 30%, we will be close to 1450 Crores?

**Anmol Jain:** Yes, we will just come back to where we were in approximate FY2019 level but having said that then of course to sustain a 25%, 30% growth at an industry level would of course not be sustainable. This will be one specific year to come back after the COVID to bounce back. I would say that, after that the industry would normalize on a regular double digit 10% to 12% growth rate. So, having said that as I said if we are looking at a 1,450 Crores revenue in FY2022 and thereafter you grow at a 15% odd CAGR then you could look at upwards of 2,000 Crores in the three years' timeframe.

**Apurva Mehta:** Margins will be definitely towards the teens we can envisage that?

**Anmol Jain:** I think we have constantly shown that over the last three, four, five years our margins have consistently inched towards the north side and slowly but surely it has moved to the double digit. Sustained the double digits and as I said going forward, we would not just sustain it at the current level but we would further expand our margins towards the teenage EBITDA levels that would be our first endeavor.

**Apurva Mehta:** The world is moving towards EVs and definitely we would be also looking towards that any sense of what we are trying to where everybody is now trying to get some of the other products towards the EV product side? Any sense that what we are trying to do as what we will be trying to do and the new developments what we are trying to do towards that?



**Vikas Marwah:** Currently if you see the composition of our products, lot of those products are forever going to be there, irrespective of the internal combustion engine or the EV or even the hybrid and I am referring to largely the sheet metal components there which would definitely remain there. On the plastic side with a very slightest of the modifications we are already there and we hope to remain in all the future models even after current OEMs. When we come to the gear shifters of course in the gear shifters the manual transmission and everything would definitely would be then going out but we do not see it happening on the four-wheeler segment at least for the next five years to seven years' kind of a timeframe. So we are not yet contemplating to join the bandwagon in terms of the familiar products that you hear in terms of motors and controllers and everything because the market has actually not reached a critical mass there and is not expected to reach even in the next three to four years; however, we continue to work very aggressively on the total EV space and the connected vehicle space because it is an entire ecosystem of the case technology so the recent joint venture that you are seeing whether we did with Yokowo or with the Futuristic Telematics products where we have won major business with the global OEM so these are all towards the futuristic products specifically zeroing down to EV products we currently have not stepped a gear there, that is the fact.

**Anmol Jain:** Apurva Ji just to add to that I think the three key domains which this company operates in into the OEM space are plastics, electronics and mechatronics. And I am talking for the future point of view, we do have a strong presence in metallics as well but going forward I have always said that plastics, electronics and mechatronics would be also growth drivers and all these three fits in quite well with the whole EV transformation. In the EV transformation all these three play a very vital role and have more opportunities than being at risk of being eliminated.

**Vikas Marwah:** In fact, if you see our gear shifter business in our gear shifter business, we have a near 100% market share today on whatever EVs that are getting sold either through Mahindra or whatever is coming through Tata and even going ahead we are also very aggressively now engaged with the commercial vehicle manufactures on those platforms so on the automatic gear shifter train yes, we are definitely there much ahead of the curve and much before the other companies had started.

**Apurva Mehta:** On the acquisition front are we strongly looking at acquisition of some of the asset which we would like to enter any update on that?

**Anmol Jain:** We are constantly engaged with opportunities in the inorganic space; however, nothing which right now is worth mentioning but as we progress on any of those opportunities, I will surely make the announcements in due course.

**Apurva Mehta:** Any new JVs in pipeline which we would be maybe announcing later on but any pipeline of JVs you are looking at?





- Anmol Jain:** Yes, we are constantly looking out for strategic good partnership for the Indian market to service our customers better so yes there are some JVs under discussion but as and when they reach a matured stage, we would be happy to share the details with you.
- Apurva Mehta:** Thanks a lot, and wish you all the best.
- Moderator:** Thank you. The next question is from the line of Abhishek Jain from Dolat Capital. Please go ahead.
- Abhishek Jain:** Sir effective tax rate was quite high in FY2021 it was around 53% so what tax rate can you assume in FY2022 and FY2023 and what is the reason of this high tax rate?
- Sanjay Mehta:** The effective rate is 25.9%.
- Abhishek Jain:** What tax rate can you assume in FY2022-2023?
- Sanjay Mehta:** It will remain like that only.
- Abhishek Jain:** That will be the same.
- Sanjay Mehta:** Yes, I mean like in future 30% tax will be there.
- Abhishek Jain:** Sir what is the capex plan for this FY2022 and FY2023?
- Anmol Jain:** See for now we only have FY2022 guidance. As I mentioned earlier it is little less than 100 Crores which would go in FY2022 and in FY2021 we did approximately 60 Crores, 65 Crores.
- Abhishek Jain:** Most of the capex would be towards this plastic molded plant and then the new capacity addition?
- Anmol Jain:** It will spread across all our businesses ranging from the plastics four-wheeler to also the gear shifter systems to also the metallic business to also the new joint ventures basically it is in line to service the 400 Crores plus order book and certain strategic investments going forward which will help navigate the company over the next two to three years.
- Abhishek Jain:** Till date what is your total investment in JV?
- Anmol Jain:** The total gross block in the JVs is approximately 200 Crores as of March 2021.
- Abhishek Jain:** Net block Sir?
- Anmol Jain:** Ankit would you have that figure in the net block?
- Ankit Thakral:** The net block is almost 140 Crores.



- Abhishek Jain:** What PAT you are earning from this JV till FY2021?
- Sanjay Jain:** The minority interest Ankit that one is asking for?
- Ankit Thakral:** The minority interest is around 4 Crores basically for the financial year 2021 which has been consolidated in Lumax Auto Technologies financials so considering it basically around 50% so the overall PAT for the JVs would be somewhere closer to around 8 Crores.
- Abhishek Jain:** Return on capital employed what you are generating from the JVs and what is your target ahead?
- Sanjay Mehta:** In fact, our target is above 20% but different JVs have a different return on capital so I will say the Lumax Mannoh the growth would be almost around 30% and PAT also increasing so it depends I mean different JVs have different figures.
- Abhishek Jain:** Sir my last question related with this industry numbers although the first half of FY2022 industry numbers expected to be weak can you expect the Lumax Auto to outperform because of the better volume of the Bajaj Auto?
- Anmol Jain:** I think I have mentioned that our constant endeavor is to outperform the industry numbers and I think the track record has proved it otherwise. I gave the example of our last three years' growth, degrowth of 7% versus the industry degrowth of 30%. So not just Bajaj Auto but I think we have a healthy segment wise mix and also with a large contribution coming from the aftermarket. I think we have been able to fare much better than the industry and we continue to hope to do so in the coming times as well.
- Abhishek Jain:** That is all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Nirmal Bari from Sameeksha Capital. Please go ahead.
- Nirmal Bari:** Thanks for taking my question. My first question is on the EBIT margin target that we are looking at 13% so firstly in the current year and in the last three quarters we have been doing double-digit EBITDA margins so what were the cost saving measures that were employed and how much of this cost saving is permanent and how much of it would wear off as we go into the next year and things normalized so that would and that is the first part and secondly when we say that we would be moving from this to say 13% over the next three, four years what all additional cost saving measures are we looking at or is it just economies of scale that would give us that margins?
- Anmol Jain:** There is two, three points I will make I think number one the cost saving measures which we did of course for our certain costs like salaries, voluntary salary reductions etc., which happened in FY2021. Of course, those have been put back in to the company and those would not be going forward; however, things like on a hybrid model of work-from-home or looks to be continue



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there are certain fixed cost and travel cost which has reduced and we expect those cost saving measures to continue even through FY2022 and perhaps onwards. So that is given you a sense I cannot quantify how much of cost savings has been sustainable and how much has been reversed but to give you a sense I definitely feel a significant part of this cost saving measures will continue. Going forward the climb from the current double digit to the 13% is not just out of cost savings but it is a combination of multiple things it is a combination of an incremental revenue. It is a combination of technological shift and hence a better contribution for the vehicle. It is a combination of certain product mix so there are multiple aspects greater revenue pie of the aftermarket as well, which traditionally has had better margins than the OEM business. So, it would be a combination of all these effects and not just purely on account of cost saving measures of course in the auto industry. And we at Lumax constantly believe in cost saving and we of course keep evaluating there and how we can save cost for the company.

**Nirmal Bari:** Thank you.

**Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Anmol Jain for closing comments.

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

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