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

**Subject: Transcript of Analysts/Investors Earnings Conference Call- Q1 FY 2022-2023**

Dear Sir/Madam,

Pursuant to Regulation 30 read with Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript of Analysts and Investors Earnings Conference Call of the Company which was held on Wednesday, August 10, 2022 at 03.00 P.M. to discuss Operational and Financial performance for the 1<sup>st</sup> Quarter ended on June 30, 2022.

The aforesaid information shall 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,

For Lumax Auto Technologies Limited



**Raajesh Kumar Gupta**  
**Company Secretary**  
**Membership No. A8709**



Encl.: As stated above



“Lumax Auto Technologies Limited  
Q1 FY2023 Earnings Conference Call”

**August 10, 2022**



**MANAGEMENT:**    **MR. ANMOL JAIN - MANAGING DIRECTOR – LUMAX AUTO TECHNOLOGIES LIMITED**  
**MR. DEEPAK JAIN–DIRECTOR– LUMAX AUTO TECHNOLOGIES LIMITED**  
**MR. VINEET SAHNI – LUMAX GROUP CHIEF EXECUTIVE OFFICER**  
**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 FINANCE OFFICER – LUMAX AUTO TECHNOLOGIES LIMITED**  
**MR. ANKIT THAKRAL –CORPORATE FINANCE TEAM**  
**MS. PRIYANKA SHARMA –CORPORATE COMMUNICATIONS**

**Moderator:**                    Ladies and gentlemen, welcome to the Q1 FY2023 Earnings Conference Call of Lumax Auto Technologies Limited. This conference call may contain forward-looking statements about



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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 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 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, sir!

**Anmol Jain:**

Thank you. A very good afternoon, ladies, and gentlemen. A very warm welcome to our Q1 FY2023 Earnings Conference Call. I hope you all are safe and healthy. Along with me on this call, I have Mr. Deepak Jain –Director, Mr. Vineet Sahni –Lumax Group CEO, Mr. Sanjay Mehta – Director & Lumax Group CFO, Mr. Vikas Marwah –CEO, Mr. Naval Khanna – Director Lumax Management Services, Mr. Ashish Dubey – CFO, Mr. Ankit Thakral - from Corporate Finance Team and Ms. Priyanka Sharma – Corporate Communications, along with SGA, our Investor Relations Advisor. The results and presentations have been uploaded on the stock exchange and the company's website. I do hope everybody has had a chance to go through the same.

Let me begin with some industry insights followed by operational and financial performance for Q1 FY2023 and then we will open the floor for question-and-answers.

As we all witnessed the auto industry has been going through a tough phase for the last four to six quarters on the back of shortage of semi-conductors, rising commodity prices on account of inflationary environment and supply chain disruptions due to geopolitical essentially. However, we have been seeing an uptrend in the volumes beginning this calendar year. As the economy is stabilizing we have been witnessing consistent performance across all the sectors in the last three quarters be it the two-wheeler, three-wheeler, passenger cars or CV segment, which actually gives us confidence that the overall economy and mobility industry is on a revival and in fact on a growth trajectory. The July month numbers reported by various OEMs are also encouraging and the future looks optimistic on the back of upcoming sets of seasons and monsoon progressing well for the rural markets to perform much better.

I would also highlight that the industry is fast evolving with the integration of newer technologies and its fixed shift in consumer preferences. We at Lumax are constantly upgrading our products as per the changing industry dynamics.



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Let me take you through the business update for the quarter ended 30<sup>th</sup> June 2022. We witnessed resilience in our performance and our consolidated revenues for Q1 FY2023 stood at Rs.422 Crores as compared to Rs.261 Crores in Q1 FY2022 a growth of 62% on a year-on-year basis, our consolidated revenues were up by 1% on sequential quarter basis. I am happy to share with you that your company is sitting on a healthy order book of around Rs.600 Crores, majority of it is new business and out of which approximately 70 to 80% is of joint ventures, which is in line with the earlier guidance given of the joint ventures that are achieving almost 1/3<sup>rd</sup> share of the total consolidated revenues.

The company is also in continuous talks with customers for EV business and is expected to receive business nominations of the same in the forthcoming quarters.

The standalone entity caters to integrated plastic module after-market 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 70% of the total consolidated revenues for Q1 FY2023.

Lumax Mannoh Allied Technologies, the 55% subsidiary which manufactures manual and automatic gear shifter system and has the market leadership position, contributed 15% to the total consolidated revenue. The company has started its production at Bengaluru facility from 1<sup>st</sup> April 2022. Exports business of automatic gear shifters for a global platform is on track and is performing well. We are also working in tandem with the joint venture partner to increase our reach to newer markets 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 revenue. The company has received business nominations for plastic tanks from one of the major OEM the SOP which is expected in Q4 of FY2023.

Lumax Metallics Private Limited, the 100% subsidiary manufacturing seat frames contributed 6% to the total consolidated revenue. During the quarter on May 3<sup>rd</sup>, 2022, the company has filed the draft scheme of merger with MPSC of its 100% subsidiary Lumax Metallics Private Limited with the company for efficient utilization and synergy of resources. The appointed date of merger will be April 1-2022 subject to necessary regulatory approval.



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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 contributed 2% to the total consolidated revenues.

I am happy to share details on the new launches made during the quarter having your company's product. In the passenger vehicle segment we launched the automatic gear shifter system for Maruti Brezza and Mahindra's new Scorpio and automatic and manual gear shifters for the Toyota Hyryder. We have also launched air intake system for the Volkswagen Virtus and the PSA Citroen C3 model.

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 afternoon, everyone. I will just brief on the operational and financial performance for Q1 FY2023. For Q1 FY2023, Integrated plastic models contributed 21% of overall revenues followed by aftermarket at 19%, chassis at 15%, gear shifter at 15%, lighting products at 10%, emission at 7% and others at 13%. Two and three wheelers contributed 38% to overall revenue, passenger car at 24%, after market at 19%, CVs at 8% and others at 11%.

With respect to financial highlights, the consolidated revenue stood at Rs.422 Crores for Q1 FY2023 as against Rs.261 Crores last year up by 62%. We have been able to deliver the stellar growth on the back of addition of our existing products and new launches and addition of newer customers. The EBITDA margin stands at 11.5% for Q1 as against 7.2% for Q1 FY2022. Absolute EBITDA for Q1 stood at Rs.48 Crores a growth of 160% on year-on-year basis. PAT after minority interest for the quarter stood at Rs. 22 Crores as compared to Rs. 3 Crores in Q1 FY2022. The capex incurred during Q1 is Rs. 10 Crores including Rs. 3 Crores on account of pre-sold assets. With this we open the floor for questions.

**Moderator:**

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We will wait for a moment while the question queue assembles. The first question is from the line of Abhishek Jain from Dolat Capital. Kindly proceed.

**Abhishek Jain:**

Congratulation sir for a good set of numbers in a tough time. Sir, have heavy order book of around Rs. 600 Crores. How much is from replacement and how much from the new products?

**Anmol Jain:** Out of those Rs.600 Crores approximately close to 25% would be replacement and almost 75% which is majority of it will be new business.

**Abhishek Jain:** Out of the 75% where you got the maximum business, in which segment sir?

**Anmol Jain:** Actually, as I mentioned out of the Rs. 450 Crores almost 50% of it would be on the passenger car space, 40% of it would be the two and three-wheelers and about 10% would be in commercial vehicle space and in terms of the business verticals there is no one which is significant measure, all of them are contributing to their own growth trajectory towards Rs. 450 Crores of new business. Emission, plastic, electronics, mechatronics, these four business verticals strategically as I had mentioned earlier are our growth drivers, so all of them are faring well in the coming years.

**Abhishek Jain:** Now, your contribution from the passenger cars is 24%, what is your target for the next two years. You want to achieve 30%, 35% because you have also new orders in your hands?

**Anmol Jain:** Correct. Clearly, strategically if you look at the twelve month of FY2022 versus Q1 of the current fiscal you will see that the passenger vehicle share has increased to 24% rightfully said and the two-wheeler has reduced to 38% from 43%. Our endeavour is that, consistently going forward the passenger car segment would definitely grow much faster for us not to say that the two-wheeler space will not grow and absolutely not. But as a percentage of the pie passenger cars ideally would like to see somewhere around 1/3<sup>rd</sup> of the pie, similar pie in the two and three-wheelers and give or take 20% in the after-market business and the rest could be in others and commercial vehicles. That would be an overall ballpark which is our strategic road map.

**Abhishek Jain:** And in four-wheeler passenger because mainly revenue comes from these automatic gear shifters and from the exhaust system and you also are entering into the plastic integrated parts business. Just wanted to know what is the outlook for the plastic integrated part business and the exhaust system business going ahead. What can be the contribution?

**Anmol Jain:** I will answer this in two ways, apart from the businesses you mentioned there is a strong growth, which we envisage on the Mechatronics and Electronics be it the shift towers, be it the joint venture of Lumax Alps Alpine, which the company has recently gotten into. So, when I am looking at this Rs.450 Crores new order book it envisages all of them, of course the current products of emission and plastic are growing but there is a significant growth coming from the new products as well. Giving you a flavour in terms of passenger cars you

mentioned the plastic business for the current year no significant change from the previous one, almost 1/4<sup>th</sup> of the business comes from plastic vertical and we will still hold that for the current year. But clearly plastics continues to be a strategic growth driver for the company in the years to come.

**Abhishek Jain:** Plastic integrated parts from where you are getting the business, from the Maruti, Hyundai or from the others?

**Anmol Jain:** Right now, we are already in business with Hyundai as well as Maruti, but we are also in deep discussions with other OEMs to get future orders of the plastic integrated business for interiors.

**Abhishek Jain:** Okay, and in this quarter if I see the numbers when you grew sequentially from the two-wheeler side but Bajaj Auto and HMSI number has not improved on a quarter-on-quarter basis. This means you have increased share of business with the other two-wheeler players especially from the EVs side. So, can you throw some more light there, from where you got the business in two-wheelers?

**Anmol Jain:** Are you talking referring to quarter-on-quarter on a year-on-year business or a sequential basis?

**Abhishek Jain:** Sequential basis sir, Bajaj and HMSI number has not improved but two-wheeler number has improved, from where you got this business?

**Anmol Jain:** I will have to check that, Bajaj and HMSI are primarily the only major two-wheeler customers we are serving currently, so both on a sequential basis haven't changed much. But the overall two-wheeler pie has gone up for the company, as I mentioned earlier the two-wheeler pie has slightly gone down and the passenger vehicle has gone up. So the passenger vehicle has been far more than the growth in the two-wheeler space for the company.

**Abhishek Jain:** Apart from Bajaj and HMSI also started supply to some e-two wheelers players also, so that has been increased because of that only?

**Anmol Jain:** The Company has not yet started any business with any e-two-wheeler manufacturers. As I mentioned we are in discussions and dialogues with a lot of the EV companies for future orders but as of now we do not have any running revenue coming out of any e-two-wheeler OEMs.

**Abhishek Jain:** Okay, and sir your after-market quarterly run rate is around Rs.80-Rs.85 Crores, what steps are you taking to reach Rs.100 Crores run rate on quarterly basis?

**Anmol Jain:** We are going on, in line with our long-term strategy which was to double the after-market revenues in about three to four years. If you look at the previous years, technically Q1 is much lower for aftermarket but in this quarter per as we have been able to maintain the similar rate of revenue as the Q4 sequential quarter. So, very clearly new product launches and expansion of the channel partners across the length and breadth of the country these are the two ways we will grow our after-market business and we have also launched some significantly new products in the last fiscal year and in the current year we will continue to invest into new product development.

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

**Resham Jain:** Good afternoon sir. I have few questions first is if I look at last three years' growth on a CAGR basis you have grown at around 14% which is slightly higher than the overall industry. But is it possible for you to break down this into new business growth over the last three years, how much growth has come from new products, new business, any thought around that would also be helpful?

**Anmol Jain:** I would not be able to give you exact numbers right now, but majority of this has been coming from the joint ventures which are new products and after-market obviously has been consistently growing at a much faster rate. But I can tell you that going forward as I mentioned these Rs.600 Crores order book, as I mentioned 75% of it is in the new products, not replacement and out of that also a majority of that almost close to 3/4<sup>th</sup> of it would be in the new joint ventures and standalone maybe contributing about 25% or so of that pie of new business.

**Resham Jain:** Okay and I had this confusion that this Rs.600 Crores how should one read this, in the sense your overall yearly revenue say around Rs.1500 to Rs.1800 Crores odd, how should one read this Rs.600 Crores order book?

**Anmol Jain:** This is the annual revenue, which we will generate from the order book at peak capacities or peak volumes for that particular model. Obviously, I do not have the break up right now but some of this would start coming in FY2023 itself and then it will go on to FY2024-25 and maybe some spillover in FY2026 but majority of this would come in to FY2024 and FY2025.



**Resham Jain:** Okay, understood and in terms of visibility from the OEs how are you seeing this situation panning out for the rest of the year, just your thoughts around this?

**Anmol Jain:** Majority of the OEMs continues to be very optimistic and bullish and the primary reasons would be that, the semiconductors shortage that seem to have eased out for the most part. Of course no one can foresee what the recent China- Taiwan political conflicts would entail for the supply chain but more or less seems to be stable for now. There is definitely some pressure on the two-wheelers segment but the two fundamental customers, which the company enjoys very deep relationship with; Bajaj Auto they are still somewhat insulated because of their strong export portfolio. Apart from that if I look at the passenger cars Maruti, which is probably the largest passenger car OEM for the company continues to be very bullish for the remaining year. But overall as I mentioned the industry is looking buoyant and I would probably even say that we should be looking at achieving similar number as an industry as was the case in FY2019 which was one of the highest volume years for the auto industry.

**Resham Jain:** Okay, great sir. Thank you very much.

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

**Harshil Shah:** Congratulations to the entire team for the great set of numbers. My first question is on the QIP, the Rs.400 Crores that you all are planning to raise. Then my second question is on the Lumax FAE JV, when will the billing start, what is the outlook there, sir. My third question is on the Kawasaki order that we have received any progress on that?

**Anmol Jain:** Thanks, Harshil, first I would say that we have been advised to have some financial flexibility, this is just an enabling resolution to raise the Rs.400 Crores we will see at the time what the need arises and what would be the best way to raise that. But it is purely just an enabling resolution to have a financial flexibility for the company nothing beyond that. In terms of number two and number three question which you mentioned about Lumax FAE outlook as well as the Kawasaki, I would like the CEO Mr. Vikas Marwah answer that please.

**Vikas Marwah:** Thank you Harshil for your questions. I will first take the Lumax FAE question, you may be aware that there is a recent gazette notification, which is out from the honorable minister and that adversely impacts the immediate implementation of FAE sensors on the OEMs that we were planning to go live with on SOP starting this year itself. We have a healthy

order book of Rs.135 Crores as we speak; we were expecting to get into the SOPs as early as Q3. But the new notification says that the OBDII CATCON implementation which is the catalytic converter is now postponed to 1<sup>st</sup> April 2025 rather than 1<sup>st</sup> April 2023. This is the result of the lobbying efforts of the OEMs who pleaded that they were not ready for this implementation, it has adversely affected our readiness to supply to this particular segment because each two-wheeler was going to have two oxygen sensors effective 1<sup>st</sup> April 2023, so currently the scenario continues very much the same and we are hoping that probably it can be still preponed but the gazette notification has given a little set back. Having said that we are again back to scouting new markets now and new customers who would be still willing to take heated oxygen sensors because currently un-heated oxygen sensors are being fitted on the two-wheelers and the idea was that with the new CATCON implementation it would have contributed towards positive environmental impact. But that is the government policy decision we will just leave it there for the time being. Your second question relating to Kawasaki, it is the strategic air filter launch on a super bike and it is going as per plans but that Kawasaki, they do not have significant volumes currently in India we are now engaged with two more two-wheeler manufacturers and we will be getting into product validation in the coming quarter for the air intake systems on two-wheelers and we already have a very strong traction on the existing four-wheeler manufacturers for Lumax Cornaglia.

**Harshil Shah:** Great, and just a comment on the QIP Rs.400 Crores is too big as in it is too huge compared to our market cap Rs.400 Crores is like 25% of a market cap. Can you throw some more light on the acquisition, like what size acquisition you are looking at?

**Anmol Jain:** I never mentioned there is an acquisition; I would like to just say that inorganic growth has always been a part of the strategic growth road map. The company is always evaluating constantly certain opportunities which may come inorganically, there is no specific acquisition for which we are looking at a specific Rs.400 Crores being raised, as I said for better financial flexibility we are enabling that part of this very well could go through certain inorganic needs and part of it could be funded for certain other growth drivers which the company may undertake in the coming quarters or the coming year. But we do not foresee even after this Rs. 400 Crores, if I look at the balance sheet and if I look at the debt equity it is very robust.

**Harshil Shah:** I just want to understand the thought process behind how you came to this number Rs. 400 Crores that is it?

- Anmol Jain:** It is just a derivative of the kind of EBITDA, which we are trying to do and the borrowing limits etc which the bank allows to have a comfortable ratio, that is how the Rs. 400 Crores came to. If you look at my FY2022 EBITDA and talk to any bank with the kind of borrowings' they would offer on that EBITDA probably it come to a similar number.
- Harshil Shah:** Sir, that is the kind of borrowing from the bank, this is equity we are talking about. If I see FY2023 – FY2024 numbers my calculation shows we will do anywhere more than Rs.250 Crores of EBITDA, so I do not think we need money for the growth, we can do with internal accruals itself?
- Deepak Jain:** Thank you for raising this question. You are absolutely right, as a move that we are basically open to all avenues of acquisition as well as for growth drivers and this is basically one of the financial instruments which, you are absolutely right we maybe not even wanted to use this, this was an enabling resolution which comes in. But there are certain strategic discussions, which are underway and with that we wanted to keep all our options and we would like to first basically use debt, which right now the balance sheet can lever up if any basically inorganic or other opportunities come in and that is why we have been doing in the last minute because last year we were going for internal accruals and that is what the company has been doing to fund the growth till now. But if you wanted to go the next step you probably been using these kinds of instruments, so this as I said is more of enabling just to keep options open and also lever of strategy also would go up in terms of raising that.
- Harshil Shah:** Okay Sir. Thank you. That is, it from my side.
- Moderator:** Thank you. The next question is from the line of Jinesh Gandhi from Motilal Oswal Financial Services. Please go ahead.
- Jinesh Gandhi:** Hi just a clarification, Rs.400 Crores is entirely equities or it also includes some enabling resolutions for bid fund raiser?
- Sanjay Mehta:** We have taken that flexible resolution it includes both debt and equity, QIP is there then the debenture convertible is there, debenture is there, foreign convertible bond is there.
- Jinesh Gandhi:** Okay and no separate limits for equity versus debt?

- Anmol Jain:** I think you are grading too much into this Rs. 400 Crores number it is just an enabling resolution in nature and maybe we do not even use all of this at all. But I hope we give some clarity on structure and how we arrived at this Rs. 400 Crores number.
- Jinesh Gandhi:** I also believe that it was blown out of proportion; I thought it was mixture of instrument and not just equities hence I wanted to clarify that. Thank you.
- Moderator:** Thank you. The next question is from the line of Nisha Desai from MM Securities. Please go ahead.
- Nisha Desai:** Thank you sir, for the opportunity, I have a couple of questions. My first question is can you give us an outlook on the segment wise revenue?
- Anmol Jain:** The segment wise revenue as I said for the Q1 is again in two and three-wheeler stands at 38%, passenger car is 24%, 19% is after-market, commercial vehicles at about 8% and then there are others at about 11% and I do not see any significant change for the entire year it would remain ballpark similar.
- Nisha Desai:** Going forward based on any interactions with OEMs are we seeing any improved traction in any particular segments?
- Anmol Jain:** The order book which I mentioned clearly states that we are seeing a very strong traction across OEMs, I also mentioned that the passenger vehicle segment for us will grow at a much faster rate than the two and three-wheelers and hence I said that in the next few years our endeavour would be to have passenger cars at about 1/3<sup>rd</sup>, two and three wheelers at about 1/3<sup>rd</sup> of the total revenue pie. And of the Rs. 600 Crores order book I did mention that about Rs. 450 Crores is new orders, which are across various OEMs right from Maruti and Tata and Mahindra's to the other two-wheeler makers as well.
- Nisha Desai:** Okay and my second question is regarding EV, how do you see the evolution of EV industry in near future?
- Anmol Jain:** Absolutely, EV industry continues to evolve, we are firm believers that the two-wheeler EV story will have a faster adoption much more than the passenger car EV space. The good part is that the company's majority products are EV agnostic, which means that we will and we are already engaged with most of the EV makers for certain developments in their forthcoming models and also as I mentioned the company is under way a strategic plan

into entering EV critical components which are only and only for EV vehicles. I will be able to throw some more light of that in the forthcoming quarters.

- Nisha Desai:** Okay and thank you, sir. That was all from my side.
- Moderator:** Thank you. The next question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.
- Pritesh Chheda:** Sir, did you mention that in the future you see passenger car 56% of your revenues or 2/3<sup>rd</sup> it is in the order book that it is 2/3<sup>rd</sup> of book the passenger car segment?
- Anmol Jain:** No, the 56% I never said it is passenger car, I said the order book is 50% of the Rs. 450 Crores new business 50% of that is passenger car, 40% is two-wheeler, three-wheeler and about 10% is commercial vehicles. And I also mentioned that in the long run our endeavour strategically is to have 1/3<sup>rd</sup> of the total revenue pie in passenger cars and 1/3<sup>rd</sup> in two and three-wheelers.
- Pritesh Chheda:** Okay, understood sir. Second, for FY2023 now based on the new orders which will come into execution plus the volume growth of your OEMs are into, what kind of revenue growth do you expect for 2023?
- Anmol Jain:** The company has always delivered better than the industry growth and obviously we are looking at a strong growth in FY2023 to give you a guidance I would say anywhere between 20 to 30% should be the growth on revenues, the margins would continue to expand, last financial we closed at about 10.8% EBITDA, for Q1 we are already sitting at about 11.5%, so I would say that maybe around 12% should be the target and benchmark for the FY2023 on a higher revenue.
- Pritesh Chheda:** Okay, and the capex to be spent in 2023?
- Anmol Jain:** As indicated earlier the capex plan remain unchanged, the total capex outlay for FY2023 stands at about Rs. 75 – Rs.76 Crores out of which almost close to Rs. 23 to Rs. 25 Crores would be towards the PLI scheme for which the company has already been accorded approval.
- Pritesh Chheda:** Okay. Thank you very much. All the best.

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

**Apurva Mehta:** Congratulations for decent set of numbers. Just wanted to ask you that our share from Bajaj Auto is decreasing as we peaked at Rs.150 Crores and now we stand at Rs.110 Crores. So, are we losing some market for Bajaj Auto or we are losing some products which are not being supplied now, because your fabrication is more or less at Rs.60 – Rs.65 Crores but other than that why is that the share of Bajaj is brought down?

**Anmol Jain:** Apurva, it is not like that, if I look at the Q1 last year to this year, my growth in Bajaj Auto is roughly flat or rather a 2% incremental growth whereas the customer has de-grown by about 1% and if I look at the sequential quarters Q4 of FY2022 to Q1 FY2023 I have de-grown 7% whereas the customer has also de-grown by about 4 to 5%. But for the full year I am quite optimistic that because of the deeper penetration on our wallet share specifically for the Metallics business we should be able to have a double-digit growth on Bajaj Auto as a customer account on a full year basis. These are just certain, one quarter hick ups based on certain other, we all know what happened with Sri Lanka and Sri Lanka continues to be an important market for Bajaj Auto and obviously the domestic two-wheeler industry is for the last few quarters going under some stress. So I do not anticipate this to be read that our share of business at Bajaj Auto is reducing I think it is in line with the customer performance but for the full year we will be able to still deliver a double-digit growth with respect to Bajaj Auto.

**Apurva Mehta:** In Q3 last year we were at 38 – 40% sales from Bajaj Auto now it has dropped to 26%?

**Anmol Jain:** But we will have to see the absolute amount of our sales on a quarter-on-quarter basis, percentage of the pie is dropping because the other customers especially in passenger cars etc are moving much faster than Bajaj Auto.

**Vikas Marwah:** Good afternoon Mr. Mehta, and to answer your very valid question on Bajaj, the confidence we would like to give you is that starting Q3 itself we will be coming on a new platform of Bajaj, very strategic platform EV platform from the coming quarters at Chakan facility, the new Chakan plant. We are also going up in terms of the value addition and putting up more sub-assembly processes which would give us an upside of 10% in revenue term starting Q3 at Bajaj itself. Bajaj business mix and the overall product strategy are currently under implementation and we will definitely be moving up in the coming quarters on the revenue on the existing models and some models.

**Anmol Jain:** Mr. Mehta, what you were mentioning the Rs. 150 Crores of my revenue in sales Q3 to Rs. 119 Crores in Q4, you are right is that 20% dip but during the same period the customer also de-grew by 15% in terms of their volumes. So, it is directly proportionate to the customer volumes. I do not see any wallet share contraction on the contrary on some of the products we have improved our wallet share with Bajaj Auto and as the volumes pick up you will see that traction in the forthcoming quarters. But the full year as Vikas mentioned we are quite bullish on growing our account with Bajaj as a customer.

**Apurva Mehta:** On the export front are we seeing some apart from what are we doing to increase our market chains or something like that. Can you throw some light what is our long-term target for next one-two years, what will be our exports?

**Anmol Jain:** First and foremost, our strategy was to de-risk the company and have at least the export in line with our import so that there is a natural hedge of the foreign exchange that was the first and strategic move because we are largely and our philosophy has always been with all our joint venture partners to capture the growth of the Indian Auto industry. When we are partnering with these world leaders in terms of partnerships we do it for the Indian industry, export is not necessarily the growth driver as a strategy but as I mentioned overall we wanted to make sure there is a balance of imports to exports and the company has been able to manage that successfully whereas the import and export is broadly in line at least for FY2022 if you see the numbers. Apart from gear shifters there is some opportunity and obviously exports of after-market continues to be a very big opportunity, this year the exports do take a long lead time to fructify, last year we did some engagement, this year you will see a good traction on the after-market exports. But in terms of OEMs also we are engaged with some customers but most of this would be indirect exports, so we are on export models or our parts are exported to other countries but for us it is not a direct export it goes through the OEM in India, so for us it continues to be a rupee billing in the OEM space.

**Apurva Mehta:** Can you throw some heavy and when it will start materially growing revenues the new products like contact coils and the fluorescent and anything. When will you see materially or new giving us revenue?

**Vikas Marwah:** Mr. Mehta, the company is very, very bullish on the new joint ventures Alps Alpine as we have mentioned in the previous investor calls also, you will be happy to note that out of this Rs.600 Crores order book Rs.60 Crores of order book has been generated for Alps Alpine alone that gets into the SOP in FY2024. So Alps Alpine has got a very healthy mix of technologically advanced sensors of the two-wheelers, which are the Throttle position

sensors at the end of Side position centers and besides that the portfolio includes besides power window switches, includes the steering handle sensors which is a PLI approved product, it includes contact coil. As we speak we are currently in the RFQ negotiations for almost Rs. 300 Crores worth of business for Alps Alpine. The business decisions for these will get taken over the next couple of months and therefore probably in the coming two years, Alps Alpine joint venture will be serving the customer needs is as many as six products, these will be an addition to the company's treaty but of course we will be able to give you more updates as the RFQ discussions emerge.

**Apurva Mehta:** Great, and on the PLI scheme when will the revenue start flowing in the PLI?

**Vikas Marwah:** The revenues for PLI scheme starts flowing as early as next year because telematics is one of the approved projects by advanced gear shifter form a part of this, so FY2024 will start reflecting with the PLI notes also as the separate item.

**Apurva Mehta:** Okay, and can you quantify if possible what are the targets you have made for this. Any quantification in this?

**Vikas Marwah:** We are currently confirming the threshold revenue and the investment commitment that we have made that what are the approvals for PLI over a five-year period we have to do a consolidated number of Rs. 250 Crores the company is confident of exceeding this number on the back of the new orders that we start now generating in the component that has been approved that of the PLI scheme. Already three components are going to be in the mass production starting FY2024 and there are four more products that we are targeting to get into the revenue stream and get the businesses for that for which we have applied.

**Apurva Mehta:** Okay, and now when we have orders for FAE, how do you ensure that FAE becomes profitable in the run figures or what are your plans for this company, because we have already made some capex and are we able to export from here or is it possible for us to export or we bring some new products, any light on that?

**Vikas Marwah:** On the FAE front as I mentioned while the environmental impact has pushed the OBDII implementation to April 2025 but what we do in the next two and a half years is critical. The OEMs are in discussion with us in terms of the possible application of these sensors of the primary application rather than the CATCON application but for that the OEMs will need to take principle decision that they move on from un-heated sensors to heated sensors. Having said that we are also very aggressively looking at some new Oxygen sensor markets which are the non-automotive markets because in North America the Oxygen



sensors are applied in the non-automotive categories also. And happy to share with you that we have qualified the technical rounds there for North American customers, exports will from a thrust area now at least for the next two years to keep the revenue picking in this particular segment while we wait for the April 2025 date now.

**Apurva Mehta:** Okay, thanks a lot and wish you all the best.

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

**Harshil Shah:** Just a reminder again, I mentioned this in the last Con-Call also, can you please think about the dividend and buyback policy, sir because next is what I understand we will be giving out 30% of our EPS like of our profits that will be around Rs.5 to Rs.6 and 7X 6 is around Rs.35 Crores of pay out sir. Can you please think about it, can you just go to the drawing board and see what is more beneficial dividend or buyback?

**Anmol Jain:** Sure, Harshil Shah Point noted, we will in turn deliberate on it.

**Harshil Shah:** Sure, sir. Thank you. That is it from my side.

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

**Abhishek Jain:** Sir, how much benefit do you see in the coming quarter in a gross margin due to the fall in the metal prices and what could be the outlook for the elevated power and logistic cost?

**Anmol Jain:** If you look at the gross margins, the raw material consumption despite the inflationary environment on commodity prices, in Q1 we have been able to reduce our raw material consumption by about half a percent, this is not just because of the product mix but also better efficiencies of sourcing. We as I mentioned do not have a high risk of the OEMs not compensating for the commodity price increases. Most of the OEMs we have a back-to-back arrangement it is just a time lag of three to four months by when we get this commodity prices. But going forward and if I look at the last three-to-four-year trend our raw material consumption or the gross margins, the contribution has been fairly stable or rather improved by a few basis point. I do not anticipate any significant change going forward on the raw material consumption.

**Abhishek Jain:** What is your margin guidance for FY2023; it would be a 100 bps expansion?



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**Anmol Jain:** As I mentioned that looking at all the buff measure on a topline I gave a guidance of about 20 to 30% revenue growth and on the EBITDA, I have always maintained that our endeavour in the short to mid-term is to try and attain close to a 13% or teen EBITDA as I call it, for the company at close at 10.8% last year and in the current quarter it is already sitting at 11.5% on healthy revenue growth and cost optimization. For the full year, I would say that the guidance I would give is close to 12% EBITDA that should be our endeavour in target and further then we will deliberate on how to sustain that and further expand that.

**Abhishek Jain:** Thank you, sir. That is all from my side.

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

**Anmol Jain:** I take this opportunity to thank everyone for joining into the call. I really do hope that we have been able to address all your queries. If there are any further information required from our side kindly get in touch with us or Strategic Growth Advisors our Investor Relations Advisor. Thank you once again for joining the call and stay safe. Thank you.

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