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Listing Compliance Department  
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**Scrip Code : 532796****Scrip Code : LUMAXTECH****Subject: Transcript of Analysts/Investors Earnings Conference Call Q3 & 9-Month 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 Monday, 15<sup>th</sup> February, 2021 at 04.00 P.M. to discuss Operational and Financial performance for the 3<sup>rd</sup> Quarter and Nine Months ended on 31<sup>st</sup> December, 2020.

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  
Q3 and 9-Month Earnings Conference Call”

February 15, 2021



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



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**Moderator:** Ladies and gentlemen, good day and welcome to the Lumax Auto Technologies Limited Q3 and 9-Month 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:** Good morning ladies and gentlemen. A very warm welcome to the Q3 and nine months FY2021 earnings call of Lumax Auto Technologies Limited. I hope you are all safe and keeping healthy. Along with me on this call, I have Mr. Deepak Jain, Director, Mr. Vineet Sahni, Lumax Group CEO, Mr. Sanjay Mehta, Director and Group CFO, Mr. Vikas Marwah CEO, Mr. Naval Khanna, Executive Director of Lumax Management Services, Mr. Ashish Dubey, CFO, and Mr. Ankit Thakral from the Cooperate Finance Team along with 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 them. It is heartening to see that the Government has taken several measures to support the auto segment industry, which would help the auto component players to expand their operation. The announcement of PLI schemes for the automotive sector, long-awaited scrappage policy for government and PSU sector and green taxes auger well towards making the auto component industry a self-reliant one.

Let me share the performance of the auto industry. As per data published by SIAM, total production of vehicles for nine months ended December 31, 2020 showed a degrowth of 25% as compared to the same period last year; however, October month standalone showed drastic improvement in the performance. The total production of passenger vehicles, three-wheelers, two-wheelers, and quadricycle in the month of October showed a growth of 31%, November showed a growth of 1% and December also showed a robust growth of 20%, over previous years' months.

Let me now take you through the performance of each business entity. The standalone entity contributed 82% of the total revenue at Rs.592 Crores out of the consolidated revenues of 720 Crores for the nine months ended December 2020.

Lumax Mannoh Allied Technologies, a 55% subsidiary, which manufactures manual AMTs and AT's and has a market leadership position contributed 11% to the total consolidated revenues.



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Lumax Cornaglia Auto Technologies, a 50% subsidiary, which manufactures Air Intake Systems commanding 100% share of business with Volkswagen and Tata Motors, contributed 6% to the total consolidated revenues.

With effect of October 15, 2020, Lumax Gill-Austem Auto Technologies Private Limited became 100% subsidiary of the company on acquisition of balance stake from the JV partner Gill-Austem LLC. The name of Lumax Gill-Austem Auto Technologies Private Limited is now changed to Lumax Metallic Private Limited.

Lumax Ituran, 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.

Lumax FAE started commercial production from its facility in Gurugram Haryana in the month of September 2020.

Lumax JOPP Allied Technologies is a 50% subsidiary, which is engaged in 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 OEMs schedules.

Lumax Yokowo Technologies is a new 50:50 joint ventures with Yokowo Technologies Limited Japan to manufacture and supply antennas and other vehicle communication products to the Indian Automotive Industry. We expect to commence production in the later part of FY2022.

#### Some business and customers update

New business orders worth Rs.400 Crores was awarded in the last 6 months. This 400 Crores would be envisaged over a period of three years. This is a very encouraging and positive step towards our future plan.

Your company also received several awards during the quarter. The Chakan plant of the company secured first position in ACMA Kaizen Award and also won QCC Gold Award held in December 2020. The subsidiary company Lumax Metallics Private Limited won ACMA Award for Excellence in Health Safety and Environment. The subsidiary company Lumax Mannoh Allied Technologies received its first ever patent registration from the Government of India for invention in shift knob assembly.

With the cumulative effort across all businesses, we have posted strong financial results in the third quarter with all our business segments recording healthy margins. Our sales grew faster than the industry average. 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 Q3 and nine-month FY2021.



**Sanjay Mehta:** Good afternoon everyone. Let me brief you the operational and financial performance for the company.

Operational highlights for Q3

The integrated plastic modules contributed 27% to overall revenue, followed by aftermarket at 20%, chassis at 16%, lighting products at 12%, gear shifter at 11%, intake systems at 7%, and others at 6%.

Two and three-wheelers contributed 44% to overall revenue, passenger start contributed 18% with aftermarket at 20% and CVs at 10%.

Consolidated financial highlights for Q3

The consolidated revenue stood at Rs. 365 Crores for Q3 highest ever quarterly revenues as against 287 Crore in Q3 last year up by 27%. The ramp up in demand continued post the festival season and is expected to continue in the coming quarter and next financial year as well. The revenue for nine months was Rs. 720 Crores as against Rs. 868 Crores, last year down by 17% due to abnormal Q1 of FY2021. The company reported consolidated EBITDA (excluding sale of property of Rs.2.2 Crores) of Rs.43 Crores against Rs. 29 Crores in Q3 last year up by 46%. EBITDA margins stands at 11.7% for Q3 as against 10.2% for Q3 last year, Margins improved by 150 basis points on account of increased revenue coupled with continuous cost saving measures.

Profit after tax and minority interest stood at Rs.23 Crores against to Rs.12 Crores of the last year. The capex during nine months was Rs. 47 Crores as estimated for 12 months is Rs. 60 to 65 Crores during this financial year. Now we open the floor 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 despite the weak volume of HMSI, your revenues have gone up significantly in its plastic molded part and now quarterly run rate is near about 100 Crores. So have you added any new clients in the two-wheeler or is it because of the incremental contribution from four-wheelers?

**Anmol Jain:** Vikas would you like to take the question?

**Vikas Marwah:** Yes please. So Abhishek Ji your observation is right. While there was a reduced offtake from HMSI in the month of December, but the October and November offtake from them was very, very strong in fact October was like extremely high. Further, you are right again in your observation that the incremental offtake from the other customers has managed to offset even that



impact for December a bit, but overall when you see HMSI has stayed on par and in fact exceeded our projected expectation.

**Abhishek Jain:** If you see the HMSI number in third quarter that is around Rs. 32 Crores, but revenue was around Rs. 100 Crores. So just wanted to understand that we have won new orders in the two-wheelers space and what is the mix for the four-wheeler versus two-wheeler in the segment?

**Anmol Jain:** If I give you four-wheeler, two-wheeler for the nine months, two-wheeler is contributing to 47% of our consolidated revenue; passenger car is roughly at about 18% followed with aftermarket obviously which is at 19%.

**Abhishek Jain:** Sorry to interrupt you just I wanted to understand the business of the plastic molded part only. So just I am just asking about the mix for the four-wheeler, two-wheeler only for the plastic molded part?

**Anmol Jain:** For the plastic module standalone majority of the revenue is coming from two-wheelers where their customer is primarily Bajaj Auto as well as HMSI. We have made some gains in the four-wheeler space of plastics business for Maruti Suzuki; however, that incremental effect will only come in next year and right now it would be significantly driven by the two-wheeler space.

**Abhishek Jain:** How much revenue opportunity, are looking from this in four-wheeler parts and what could be the EBITDA margin?

**Anmol Jain:** There is a very significant opportunity of plastic in the four-wheeler as I have mentioned before one of our key strategic growth driver in the future would be the plastics segment. In terms of EBITDA margin, I am happy that all of businesses are currently operating at broadly a double-digit EBITDA margin and we envisage that even the future order book for last week would be in the double digits EBITDA margins.

**Abhishek Jain:** Sir my next question is relative with the gear shifter business which has shown an impressive growth in this quarter and quarterly run rate is near about the Rs. 50 Crores. So just apart from the voluminous gain in the PB segment, it is because of the increase in the realization led by the shift towards the automatic gear shifter?

**Anmol Jain:** It is correct. It is a mix of both. Obviously, its majority because of the penetration of the automatic gear shifter, which is the higher contribution per vehicle because we have grown on a Q3 basis almost 38% on a shifter account and obviously this is much higher than we would have become in the industry has not grown so significantly.

**Abhishek Jain:** So your mix is 38% out right now for the automatic gear shifter of overall business?

**Anmol Jain:** I am sorry can you repeat that question?



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**Abhishek Jain:** Sir I just wanted to understand what was the mix for the manual versus automatic in the gear shifter business?

**Anmol Jain:** For Q3.

**Abhishek Jain:** Sir for the last nine months.

**Anmol Jain:** Vikas would you have some light on that what was the figure for manual and automatic in the nine months?

**Vikas Marwah:** 40% would be about automatic and AMT is something, which we have very successfully launched in the current quarter. In fact, incremental revenue is also visible on account of 7000 AMT shifters supplied for the first time to a major OEM, but currently what is 40% we envisage that going ahead the figure would be closer to about 50:50 in the next 12 months or so.

**Abhishek Jain:** So have you won any?

**Anmol Jain:** To answering your question, I think if you look at the nine months I would see that from a revenue standpoint, the breakup would be more like 75% would be manual and the roughly 25% of the revenue would come from automatic/AMT; however, as Vikas had mentioned going forward we have a strong order book of the gear shifter system whereas we also have some significant automatic and AMT wins and hence going forward we see the size changing instead of 75:25 to may be perhaps a 60:40.

**Abhishek Jain:** Have you won any business from the Tata Motors or KIA in this business?

**Anmol Jain:** Tata Motors, yes we have added. KIA is not presently a customer of the company; it is being serviced by another group associate company.

**Abhishek Jain:** Sir my last question is related with this Air Intake Business. So just can we expect that the increase in volume of Tata Motors CV business is positive for the Air Intake because in third quarter number is quite impressive in Air Intake System?

**Anmol Jain:** So the third quarter number is primarily being driven because of this urea tank business, which was started in Q1. That is the reason why you see a very strong number in the emissions space for Q3, almost close to 30% of the revenue is coming from the urea tank business in this quarter. So that is what has driven the growth and it is yet definitely going to sustain in the subsequent quarters as well.

**Abhishek Jain:** So what sort of revenue opportunity, are we looking from this urea tank for the full year FY2022?

**Anmol Jain:** Vikas would you like to take that?



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- Vikas Marwah:** For this whole year we are looking at about Rs. 20 Crores of revenues coming in from urea tank for the current year.
- Sanjay Mehta:** Thanks Sir. That is all from my side.
- Moderator:** Thank you very much. The next question is from the line of Atul Kothari from Progwell Securities. Please go ahead.
- Atul Kothari:** Thank you for the opportunity. Sir just some details, which I require. Sir you have not provided any details on orders received from various OEMs during this quarter in your press release. So could you provide some update on the same?
- Anmol Jain:** I would not have the OEM wise breakup, but out of the Rs. 400 Crores, I had mentioned the new order book, I would say that the gear shifter business would have about Rs. 150 Crores, the largest buy out of the Rs. 400 Crores, followed by the metallics business, which is fragmented into both steel frames as well as the chassis business that is almost about 100 Crores out of the 400 Crores. The plastic there itself would be closed to about another Rs. 100 – 120 Crores and then we would have the Mechatronics, let us say emission business, which would be around 20 Crores and lighting of Bajaj Auto would be broadly about another Rs. 30 Crores to 40 Crores. So this would be the breakup primarily, but gear shifter would be a very diverse set of customers ranging from Maruti Suzuki and Tata Motors and other OEMs as well. The metallics would be largely between the Bajaj Auto and Lear. The lighting is all Bajaj Auto and the plastics would be again driven by Maruti Suzuki as well as Honda Motorcycle and Scooter India as well as Bajaj Auto. So this would be broadly the breakup of the 400 Crores order wins.
- Atul Kothari:** That is helpful. Sir what has led us achieve the highest ever level of revenue during the quarter, so which product line has helped to achieve this growth?
- Anmol Jain:** Well, if you look at the growth almost pretty much all of our businesses have recorded a robust growth. I mean if I look at all businesses, which are significant contributors the plastic, the aftermarket as well as the metallic business. They have all grown in lower almost 20 to 25%. The gear shifter has obviously driven the maximum, which is at 40% as a growth driver and the emission has obviously more than doubled in the current quarter. Emission rather for the nine months despite COVID is the only business, which has actually had a positive growth for the full nine months at 35% or 37%, and that is largely because of the urea tank business that I had mentioned before. That is not just one business, which is driven this growth. It is practically a culmination of all the businesses and that has always been the strength of this company having a very diverse set of products and customer portfolio.
- Atul Kothari:** Sir second thing as I understand cumulative prices wouldn't impact our operating margins as we pass on the cost to the clients. So what are the other factors, which could help us in improving margins apart from our topline growth?





- Anmol Jain:** Well, the margins have obviously been expanded. If you look at the current quarters of margins stood at almost 11.7%, which is similar to the Q2, so the margins have sustained, I would say that going forward yes for the current quarter, it is sustainable as well, going forward as we would like to grow the business forward there would be some incremental fixed costs, so I would say that there would be some partial stability coming into the margin, but definitely it would continue to be in the double digit space and again, as I mentioned earlier as a long-term growth drivers is to increase the wallet share and the contribution per vehicle for our current businesses, also as technology shift happens and either recent JV scale up, which has now started to happen you will see the incremental margins come into play.
- Atul Kothari:** Okay sir. Sir any update on PLI benefits through which projects we are planning to grab the advantages for the PLI?
- Deepak Jain:** I think PLI it is too premature right now. We are still waiting for the scheme and actual scheme to come out post which we will be able to make an assessment. Our understanding as of now is that the PLI scheme is mostly driven towards that of making export champions, although the company's export orientation is relatively low because of the JV structures, but we are in discussions with our partners to see what it is but it's not because the PLI, it is because of this, but I think particularly to comment on the PLI I think we will need to just wait for a bit more till we actually get the details.
- Atul Kothari:** That is all from me. Thank you very much.
- Moderator:** Thank you very much. The next question is from the line of Apurva Mehta from AM Investments. Please go ahead.
- Apurva Mehta:** Congrats on a great set of numbers. Sir I just wanted to have outlook on Q4 if possible and the next year. What is your outlook for our company and also on the on the segment like oxygen sensors, telematics, any update on this companies, where we can see next year or may be next one or two years?
- Anmol Jain:** I will take the first question of the outlook for the next year then maybe I will request Vikas to jump in and answer the second question on the outlook for the oxygen sensors. You know if you look at the company's performance in Q3 and also we expect a very strong and robust performance in Q4. For the full year, I can only say that this company would probably record a very minimal negative growth in the vicinity of maybe negative 2% to 5% and this would be a significant achievement because the industry is expected to clock a degrowth of roughly around 15%. So in these troubled times with Q1 being pretty much washed away we are still reasonably close to our last year revenue numbers and having said that as I mentioned that because of the strong performance in Q3 and expected performance in Q4, our profit margins specifically on EBITDA should be better than last year, should be in the double-digit spaces. Having said that I think this momentum is expected to continue even in the next fiscal year and we would expect us to bounce back to at least the 2018-2019 level thereby looking at least organically anywhere



between 20% and 25% growth with this current momentum for the next year. Having said that I also mentioned that the company does have strategic plans to also perhaps fast track and accelerate growth through the inorganic route and if that were to happen then of course the revenue numbers for next year would be significantly different than this growth rate but speaking of organic growth I do expect a 20%-25% incremental growth next year coming across all our businesses put together.

**Vikas Marwah:** Again the Rs. 400 Crores order book, which we have won almost 2 to 3 years down the line, this would be at its peak, but next year by itself this number is almost close to 150 Crores to 180 Crores, which would get into the P&L next year by itself.

**Apurva Mehta:** This 400 Crores will be a scale itself Sir.

**Anmol Jain:** The 400 Crore is on the program right?

**Apurva Mehta:** Yes.

**Anmol Jain:** Out of 400 Crores about 150 to 180 should come into the revenue stream next year by itself and if you look at it from that perspective that by itself was looking at 15 to 18% growth on the expected revenues.

**Apurva Mehta:** Sir any update on the oxygen sensor where we are currently?

**Vikas Marwah:** I will answer that question. So as the Managing Director has rightly observed the management focus has been very sharply on gathering a larger order book, which you can see is reflecting in the 400 Crores order book passed in the last nine months. Basically, an oxygen sensor and telematics, these are very, very futuristic oriented businesses and due to the pandemic there have been a little reset in terms of the business traction there. The business plan envisaged along with our joint venture partner, a very high focused towards gathering the customers from China and South East Asia also, but obviously due to the International trade getting very heavily impacted during the current year that is one recalibration that we have been forced to do, which we will be addressing in the coming financial year. Secondly, the OEMs were very focused on the OBD2 implementation norm for FY2022. We are to formally and officially now here from the OEMs, if that plan is still in place. So our major nominations from a major OEM for that particular period and if in 2022 or 2023, this thing is getting implemented we would immediately get back to servicing that particular order book because we have BS6 critical component. This requires a lot of validation and the OEM approval. So yes during the current year now immediately the plan is to finalize the order book with one major OEM for oxygen sensors because for one OEM, we have already started the commercial production and we have a 100% share on them including the launch of future models.

**Apurva Mehta:** Sir what will be revenue if it goes for next year, it will be minimum?



- Vikas Marwah:** I would say that we are expecting definitely a double-digit figure in terms of revenue because the wheel started rolling on oxygen sensor only during the month of October very minimally. So you can safely expect double-digit revenue to be clocked. More importantly, the orders from the first one will be confirmed from a future point of view, which we are fairly confident that as the trade restrictions open up that is something that we will be immediately addressing and we are catering only to the two-wheeler oxygen sensors in phase one.
- Apurva Mehta:** Sir on the aftermarket side, we have seen a smart recovery coming, we have recovered almost 73 Crores of turnover. What is your outlook for next year? Is this recovery going to accelerate and can we see much more happening in the aftermarket side?
- Anmol Jain:** Aftermarket as you can see that for Q3, we have posted almost close to 25% growth. You are absolutely right that the aftermarket has bounced back and we are seeing a very strong traction in the demand and the replacement market. For the next year, we do expect a similar growth momentum to continue and we do expect anywhere between an 18% and 20% incremental growth over and above the current year for the next year.
- Apurva Mehta:** What will be the growth drivers for next year? Basically it will be aftermarket in one of any other big growth drivers that we can see?
- Anmol Jain:** Sure for the growth drivers as I mentioned would be across most businesses. As I mentioned that this 180 Crores out of 400 Crores order book, which would come into play next year is fragmented across businesses starting from the metallics also the gear shifter business and also the plastic. So these would be the three key growth drivers for the next year apart from the aftermarket. Obviously, the 400 Crores order book, which I had mentioned is only on the OEM space. It does not include any incremental revenue growth of the aftermarket business.
- Apurva Mehta:** Thanks a lot and wish you all the best.
- Moderator:** Thank you. The next question is from the line of Aarush Oberoi from VD Securities. Please go ahead.
- Aarush Oberoi:** Thank you for the opportunity sir. Sir Maruti has mentioned in its earnings call that it is losing market share in SUV. So Sir do we see any impact on our business due to that?
- Anmol Jain:** No, we do not see any significant impact. You are talking about Maruti Suzuki right?
- Aarush Oberoi:** Yes, right.
- Anmol Jain:** Maruti Suzuki, the key product for this company is the gear shifter system and as I had mentioned we enjoy a very strong wallet share in Maruti Suzuki. So I do not see any significant change because of them losing the market share in SUV. The advantage, which we have, is as we are leading gear shifter manufacture in the country we have a strong relationship and business

presence across all OEMs in the passenger side and SUV space. So as a matter of fact, we have gained significant ground on Mahindra and Mahindra with our shifter assistance. So I will say that overall we should be able to sustain our market leadership in that product.

**Aarush Oberoi:** Sir what is the capex plan for the next year?

**Anmol Jain:** As Mr. Mehta had mentioned for the current year nine months, we have already incurred 47 Crores and we expect for the full year to may be incur about close to 60 Crores to 65 Crores. For the next year there would be some incremental in capex largely to fulfill the commitment on the 400 Crores order win. I do not have any exact number because the budgets are still in the making, but I do not see the next year capex outlay would be in the vicinity of about Rs. 80 Crores to 100 Crores.

**Aarush Oberoi:** That was helpful and Sir what was our ROE and ROCE for the current year and what are we targeting as a ROE and ROCE for long-term?

**Sanjay Mehta:** Currently if you see up to nine months, our ROCE would be around 11 because of the first quarter washout and our desire would be around 20%. So I think we will be around somewhere in 13% to 14% this year because of the Q1 impact and because of the Q4 the growth we are expecting.

**Anmol Jain:** If you see our peak ROCE was at financial year FY2019 where I would say that the ROCE was close to almost 25% to 28%. The endeavor over the next few years would be to maintain upwards of 25%; however, in the next couple of years we do the first milestone would be to get towards 20% plus ROCE.

**Aarush Oberoi:** That is great Sir.

**Moderator:** Thank you very much. The next question is from the line of Priyanka Singh from Athidhan Securities. Please go ahead.

**Priyanka Singh:** Yes. Good afternoon sir. I had few questions. First of all can you throw some color on the sale of property mentioned in the current quarter, I mean the other income is it related to any material business generating unit?

**Anmol Jain:** I am sorry you are not really audible. There is some noise in the background. Could you repeat your question please?

**Priyanka Singh:** Can you share some light on the sale of property mentioned in the current quarter? I mean I am talking about the other income?

**Sanjay Mehta:** In fact, we had land at one of our investment reasons, which we have sold it and we got profit of 2.2 Crores that is unused property line which is a surplus before this during this quarter. Am I



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able to clarify? One of the idle properties we have sold during this quarter and we had the profit of around of Rs. 2.2 Crores on that property.

**Priyanka Singh:** Got it and can you share some details on 400 Crores order, is it from like which customer and which segment?

**Anmol Jain:** I think I already mentioned that Madam where you missed out. I will repeat it for your benefit.

**Priyanka Singh:** Yes, sorry Sir I missed that.

**Anmol Jain:** The 400 Crores order win is fragmented across our business lines. I would say that almost close to 120 Crores of it would be in plastics domain almost 170 Crores would be in the mechatronic domain, where gear shifter system, which is the part of the mechatronic would take lead of 150 Crores by itself and metallics would be about another 100 Crores, which is chassis and the frame business. So primarily these three domains would be the key drivers of 400 Crores order win and in terms of the key customer, I do not have a breakup, but the key customers would be Maruti Suzuki, Bajaj Auto, Mahindra & Mahindra, HMTI and Tata Motors.

**Priyanka Singh:** Sir and our two-wheeler contribution had dropped by 3% in the current quarter. So are you getting any better margins from other segment?

**Anmol Jain:** Our contribution has dropped primarily because of certain raw materials.

**Sanjay Mehta:** In fact, the contribution has not dropped. It is same as 11.7%, but I think the portion may be because of the increase in sales. The Q1 was largely the cost raising measures was there and because of the Q3 normal so that is why that has been compensated. So, margin has not gone down, it is maintained at 11.7%.

**Priyanka Singh:** Lastly on the emission and shifter business has witnessed like a larger share on a YoY basis. So is it due to the BS6 compliance related norm? Are we getting higher business in this segment?

**Anmol Jain:** The key growth driver for this has been the urea tank business, which had just started in the Q1 and that is pretty much the reason why you see a significant growth in the emission state. Obviously, urea tanks has a product is an offtake of the BS6 regulation.

**Priyanka Singh:** That was helpful. Thank you.

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

**Abhishek Jain:** Sir, aftermarket growth was around 27% in the nine months, FY2021 and next year you are talking about around 25% to 28% growth. So what would be the key driver for such high growth



on a high base? Please throw some light on the expansion of your network extent and product portfolio and aftermarket?

**Anmol Jain:** The key growth driver in the aftermarket is just the new product launches and we had some significant new product launches in the last financial year, naturally a lot of which could not take off in the first half of this current financial year. It has started to see some traction in Q3 and that is why you see a strong growth of aftermarket in Q3. So we expect the full year advantage in the next year for these newly launched products to kick in and hence that is one of the key growth drivers. Apart from that, we will also be launching other than lighting new products in other categories and those are categories where there is still some room to grow significantly. We are the largest in the lighting space. So I would say that incremental growth in lightning would not be so significant, but the incremental growth in the non-lighting is the opportunity is much more. So because of these primarily two reasons I am saying that next year we should also look at a strong aftermarket growth.

**Abhishek Jain:** Thanks. Sir seat metal business also seen a sharp jump in this quarter is it because of the increase of sale of business from Bajaj Auto or you added new clients in that category?

**Anmol Jain:** We have not added any client in that business division. It is primarily driven by increasing our wallet share with Bajaj Auto and also some incremental volume growth of Bajaj Auto in the Q3 specifically.

**Abhishek Jain:** Sir one last question is how much current gross and net debt of the company?

**Sanjay Mehta:** The net is debt is 0. Actually we are carrying a debt of Rs. 72 Crores on the books as on December 31, 2020 against that we are having the cash and bank balances of Rs. 97 Crores so the net debt there is no debt, we are having the cash surplus of 25 Crores.

**Abhishek Jain:** Can we expect that in this cost will go down significantly in the FY2022?

**Sanjay Mehta:** Yes, it will increase that depends on the capex and all these things, yes it will improve.

**Abhishek Jain:** Sir you are looking to increase your debt position or you want to take some short-term debt for the working capital?

**Sanjay Mehta:** It would be the mix of debt from the existing of free cash and debt. We will see that time it is the mix of that was a funding of capex.

**Abhishek Jain:** Thanks.

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

**Resham Jain:** Good evening and good to see a strong set of numbers. My only question, you also mentioned about the ROCE of around 20% next year and 25% going forward, but if I look back over the last five years and the overall incremental capex plus the incremental working capital investment if I add up, so on the incremental capital employed the ROCE seems to be significantly lower, but actually when you get businesses the incremental capex typically like the higher ROCE because of the kind of expansion that typically happens. So according to you what could have happened in those years and what according to you will change in the next two years or three years' time.

**Anmol Jain:** It is a good question and I will throw some light on the broader contours of it, if you look at the last three to five years there has been significant investments made in let us say new joint ventures and also for example the Lumax FAE joint venture. There were significant investments made into that; however, we have not really got some strong revenue tick in yet and that has been one of the reasons why it has significantly hit the ROCE. Also the Lumax Gill-Austem, we were struggling to get off the ground and there had been some investments made there as well. So I would say over the last three to five years there were investments made, which did not fructify into a strong revenue realization and hence did not add or contribute to the margin. Only the current businesses which were mature businesses so to speak were contributing, but the overall consolidated ropes were getting pulled up. How I see the next three years getting different is that we are not significantly adding investment into new areas necessarily. We will be first and foremost making sure that all of our recent joint ventures and at least come up to speed and bring to an optimal capacity utilization thereby without any significant major investments the revenue growth would start coming in. Also the new order wins, which we are getting, the 400 Crores which I had explained earlier we do not anticipate possibly more than 100 Crores to 120 Crores of capex we put into meet this growth. So if you look at from an asset to revenue ratio what we have been averaging at about 1:2, 1:2.5 the new order book is appearing to be much better ratio than that and that also the margins would pretty much be the same or better of the new order book and hence the ROCE is expected to move from the current levels of around 13% to 14% to may be upwards of 20%. I hope I am able to give you some lights from that.

**Resham Jain:** Sir this 120 Crores investment for the new 400 Crores order win, 400 Crores on a yearly basis will be around 150 Crores is that right understanding?

**Anmol Jain:** Some programs would be kicking in later. As I mentioned earlier out of the 400 Crores perhaps about 150 Crores to 180 Crores is expected to come into the revenue stream next year itself and I would think that out of the 120 Crore capex may be about close to 80% of it should be incurred in the next financial year because there is always a lag between when we have to be ready for commercial production and validation vis-à-vis when the SOP of the vehicle starts and the revenue starts to kick in.

**Resham Jain:** Just if you do there is 170 Crores and 180 Crores peak revenue, the margin requirements for let us say 20% ROCE also should actually if one does reverse calculation, it should be upward of 14%-15%. I am saying in third year and fourth year when you reach full utilization, is that something which are looking for?



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**Anmol Jain:** Absolutely, if I look at the third quarter standalone, I think most of our key businesses are running at middle double-digit EBITDA margins. That has been also a significant change point compared to before. As I mentioned earlier, some of them would sustain and further grow, some of them would slightly course correct because obviously in Q3 there were some additional volumes and certain other fixed cost as we go along will get added, but overall I am fairly bullish that the revenue growth will add to the margins as well as the ROCE in the next coming years.

**Resham Jain:** Thank you Sir. All the best for the coming quarters. Thank you.

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

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

**Moderator:** Thank you very much. On behalf of Lumax Auto Technologies Limited we conclude this conference. Thank you for joining us. You may now disconnect your lines.