ANNEXURE – A

MANAGEMENT DISCUSSION & ANALYSIS

ECONOMIC OVERVIEW

Global Economy

The Global growth is expected to moderate from 5.9% in FY 2020-21 to 4.4% in FY 2021-22 (Source: https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022). The repeated waves of Covid-19, had a severe impact on the world supply chain, which extended its disruptions to rising energy prices and even rising inflation levels. The challenges posed upon the global economy urged for structural reforms and thereon, the governments of various nations implemented the same in response to managing the difficulties. The first half of CY 2021 witnessed mass vaccination drives, easing of restrictions and opening of economies to reverse economic losses. This helped the economies over the world bounce back and record growth after a year of contraction and depression (3.3% in CY 2020) in CY 2021. However, a revised assumption removing the Build Back Better fiscal policy package from the baseline, earlier withdrawal of monetary accommodation, and continued supply shortages produced a downward revision for the United States.

Outlook

The global supply chain disruptions and input cost pressures are expected to linger even longer as the world saw rising geopolitical tensions. Concerns over protracted supply chain disruptions have rattled commodities and financial markets. The Russia-Ukraine war could potentially impede the economic recovery through elevated commodity prices and global spill over challenges. The situation could be worsened by the resurgence of Covid-19 infections in some major economies that has been witnessed since March. These developments would possibly weaken world trade and output as well as external demand than what was envisaged earlier with the resumption of economy.

INDIAN ECONOMY

Like most other economies, the Indian economy too faced disruption as a consequence of Covid-19 pandemic. Multiple lockdowns lowered the pace of the smooth functioning of economy. As a result, supply chain network of the companies were impacted negatively. However, with the gradual unlocking, the economy finally started showing signs of recovery and fared well. India's real GDP is estimated to grow by 9.2 per cent in FY 2021-22 (Source: https://economictimes.indiatimes.com/news/economy/indicators/with-9-2-pc-growth-in-fy22-economy-to-recover-101-3-pc-of-pre-pandemic-fy20-output-budget/articleshow/89273673.cms) Though the nation has picked up pace, the global challenges of shortages in key commodities, fractures in international financial architecture and fears of deglobalization, extreme volatility characterising commodity and financial markets are some key issues that need to be confronted. Despite the worsening global supply shocks slowing the recovery in the world economy, India's merchandise exports grew robustly in FY 2021-22 overshooting the target of USD 400 Billion (Source: https://economictimes.indiatimes.com/small-biz/trade/exports/insights/despite-external-upheavals-indias-exports-performance-on-firm-footing-rbi/articleshow/90722833.cms). The sustained and robust growth in the services exports and inbound remittances continued to keep our invisible account in large surplus which helped to partly straighten out the merchandise trade deficit.

AUTOMOTIVE INDUSTRY OVERVIEW

Global Perspective

The global automotive production posted a solid increase of 6.1% in Q4 2021 the first quarterly rise since FY 2019-20 suggesting that the worst of the semiconductor crisis was behind us. However, the Russia-Ukraine war is causing new supply chain problems as well as adding to global inflationary pressures that are expected to weaken real disposable incomes and dampen automotive production and sales. War-induced supply chain disruptions will mainly impact those countries that are geographically closer to Russia and Ukraine. An escalation in the war, prolonged chip shortages and the potential impact of the further Covid-19 waves are key downside risks to the outlook. In fact, Ukraine is a major producer of neon gas and a prolonged war could further delay the recovery in global automotive production given the product's importance in semiconductor production. We expect global hybrid and electric vehicle sales to represent 54% of global light vehicle sales by 2030. New products and greater appetite for plug-in cars supported by President Biden's environmental ambitions are beginning to have an impact while China is continuing to see strong EV demand.

(Source: Oxford Economic, Q1 2022)

INDIAN STRUCTURE AND DEVELOPMENTS

Indian Automobile Industry

The crisis created by the COVID 19 pandemic disrupted the activities of the Indian motor vehicle industry as production, domestic sales and exports registered two digit annual falls in FY 2020-21. Moreover, production marked the lowest volume since FY 2013-14 while domestic sales reported the lowest figures since FY 2012-13. In FY 2022-23 production, domestic sales and exports are expected to rebound as the global economy (including India) is experiencing a strong recovery. Moreover, motor vehicle manufacturers announced and/or executed new investment projects to capture the demand from first time buyers in the domestic market. However, there

ANNEXURE – A (Contd.)

are two factors that might slow the rhythm of recovery of the Indian motor vehicle industry First, the second wave of COVID 19 pandemic interrupted the steady recovery of the Indian economy and automotive industry in the first quarter of FY 2021-22. Moreover, India presents relatively low vaccination rates at the beginning of August FY 2020-21, having only 8.5% of the population received two doses. Second, the recovery of the global economy has created two issues for the Indian automotive industry 1) the price of commodities increased, resulting in higher pressures over production costs and higher motor vehicle prices for Indian consumers 2) the global shortage of semiconductors slowed the rhythm of production of the Indian automotive industry.

The trends in the global automotive industry is moving towards the production of large size vehicles, electric vehicles (and autonomous vehicles). The Indian government has launched programs such as FAME II and BS VI norms to promote the production and commercialization of electric vehicles. However, the price gap between electric and conventional vehicles is still considerable in a domestic market with a high share of first time buyers. Furthermore, the negative effects of COVID 19 pandemic undermined the effectiveness of the programs launched. The Indian government recognized that further demand stimulation is required to increase the use of EVs

In FY 2021-22, passenger vehicle sales increased by 13.2% to 30.69 Lakh units as against 27.11 Lakh units in FY 2020-21. On other side, the 2Ws declined by 10.93% to 134.66 Lakh units as compared to 151.19 Lakh units in FY 2020-21. Over five-year forecast period, we expect the new-car market to expand at a compound annual growth rate (CAGR) of 2.4%, and new CVs at a CAGR of 7.2% (Source: https://www.money9.com/news/trending/passenger-vehicle-sales-in-india-decline-by-over-2-in-2020-21-siam-24498.html).

SEGMENT-WISE ANNUAL AUTOMOBILE SALES

(Nos. in 000)

Segment	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	CAGR %
Passenger Vehicles	3,377	2,774	2,711	3,069	(3)
Commercial Vehicles	1,007	718	569	716	(11)
3Ws	701	637	216	261	(28)
2Ws	21,180	17 ,416	15,119	13,466	(14)

AUTO-COMPONENT INDUSTRY

Last few years have witnessed the Indian Auto-components industry marking a positive growth. Today, it contributes 2.3% of India's Gross Domestic Product (GDP). With high growth prospects in the Vehicle industry, the Auto Component sector is expected to rise by double digits in FY 2022-23. This industry is broadly classified into organized and unorganized sectors. The organized sector caters to original equipment manufacturers (OEMs) and consists of high-value precision instruments. The unorganized sector comprises low-valued products and caters mainly to the after market category. It comprises of various product segments, such as lamps, fasteners, lighting, castings, suspension and braking parts, gears, valves, steering parts, engine parts, carburetors, axles, strips, forgings, pistons clutches, gaskets, chassis, and shock absorbers among others.

The Indian auto-components industry has experienced healthy growth over the last few years. The auto-components industry expanded by a CAGR of 3.28% over FY 2015-16 to FY 2019-20 to reach USD 45.90 Billion in FY 2020-21. The industry is expected to reach USD 200 Billion by FY 2025-26 (Source: https://www.ibef.org/industry/autocomponents-india#:~:text=Market%20Size,-The%20industry%20can&text=The%20automobile%20component%20industry's%20turnover,US%24%20200%20billion%20by%20FY26). Despite the slow sales offtake in vehicles due to supply disruptions, especially in the first quarter of FY 2021-22 the Auto Component Industry demonstrated a remarkable turn-around in the first-half of FY 2021-22. The turnover of the automotive component industry stood at ₹ 1.96 Lakhs Crore (USD 26.6 Billion) in April-September 2021, registering a growth of 65% over the first half of the previous year (Source: https://www.business-standard.com/article/companies/auto-component-industry-optimistic-for-growth-in-fy22-despite-covid-woes-121122100615_1.html). Exports of auto components grew by 76 per cent to USD 9.3 Billion while imports surged 71 per cent to USD 8.7 Billion leading to trade surplus of USD 600 Million.

As per Automotive Component Manufacturers Association of India (ACMA), automobile components exported from India are expected to reach USD 80 Billion by 2026. The focus of the Auto industry is on deep-localization. The Government's recent announcements of PLI schemes regarding Advanced Chemistry Cell (ACC) Batteries and Auto & Auto Components is expected to pave way for the creation of a state-of-the-art automotive value chain. Thereon, developing India into

ANNEXURE – A (Contd.)

an attractive alternate source of high-end auto components. The industry is also preparing to be future-ready, 60% of the OEMs mentioned that they were already equipped to be part of the EV supply chain.

(Source: www.business-standard.com/article/companies/auto-component-industry-optimistic-for-growth-in-fy22-despite-covid-woes-121122100615_1.html)

OUTLOOK

Strong international demand and resurgence in the local original equipment and after market segments are predicted to help the Indian auto component industry grow by 20-23% in FY 2022-23 (Source: https://www.ibef.org/industry/autocomponents-india#:~:text=Strong%20international%20demand%20and%20resurgence,20%2D23%25%20in%20FY22).Also, the increasing investment by the Government in development of infrastructure and technology has uplifted the growth in this sector. The vehicles are turning into smart vehicles, such as Electric Vehicles and Self-Driving Vehicles. Urbanization and changing lifestyle are also the driving force behind the rising demand.

The Auto industry is progressing towards improved technology at an accelerated pace, and LATL is well-positioned to seize this opportunity. There is a major shift in consumers' mindset and expectations, enabling us to explore new products. Being a part of this value chain, we bring innovation to our products through our continuous efforts in R&D, owing to our partners. The industry is hopeful that the Government's various favorable policies – the PLI Schemes for Auto & Auto Component sector, advanced chemistry cell, extension of FAME-II Scheme till FY 2023-24 and the announcement of a PLI Scheme for ₹ 25,938 Crore for the Auto & Auto Component industry will help bolster the Automobile industry to a great extent.

OPPORTUNITIES

Growing Urbanization

The phenomenon of urbanization is closely linked with modernization and industrialization. Urbanization can be calculated based on an increase in the number of cities and towns. This, in turn, brings changes in the form of internet connectivity, transportation facilities, higher income, road connectivity, education opportunities, and more. Altogether, leading to a rise in the demand for automotive industries.

Electric vehicles

The demand for electric vehicles is increasing as it offers an opportunity to replace fossil fuels in the transport sector. Electrification of vehicles is beneficial for the environment and is further likely to expand in the overall industry, promoting growth.

THREATS

Smart vehicles

The dynamicity, driven by technological trends and innovation, stands the biggest challenge for the Automotive Industry. With the majority of masses' preference being smart technology, a shift in demand is highly anticipated.

Environment regulations

The urgency of environmental sustainability is higher than ever. Even today, the Automotive industry is a significant threat to the global climate. Given the circumstances, more and more countries are looking forward to integrating and implementing environmental regulations in their offerings and being more responsible towards the environment. Further, the Automotive industry is shifting from catering only fuel-driven vehicles to producing emission-reducing cars, which will directly impact manufacturing.

Shared mobility

Shared mobility is when users share transportations services or resources. The increasing popularity of shared mobility services is likely to slow or dampen vehicle sales to an extent.

Government launched PLI Scheme

The PLI Scheme for the Auto Sector aims to overcome the industry's cost constraints to manufacture Advanced Automotive Technology products in India. The incentive structure will encourage the industry to make fresh investments for the indigenous global supply chain of Advanced Automotive Technology products. The PLI Scheme for Automobile & Auto Components industry is expected to result in new investments of over ₹ 42,500 Crore, incremental production of over ₹ 2.3 Lakhs Crore, and extra employment prospects of over 7.5 Lakhs jobs in the next five years. This will also expand India's part in global automotive trade. The PLI Scheme for the Automotive industry is open to both existing Automotive companies and new non-automotive investor companies (who are currently not in automobile or auto component manufacturing business). The program for automobiles and auto components will be implemented over a five-year period beginning with fiscal year 2022-23.

As a Company catering to a dynamic market segment, witnessing evolving technological progress, greater impetus on localization through PLI scheme gives us incredible opportunities to march ahead. We continue to drive innovation across our product line with diverse JV partners. Lumax appreciates and thanks the Government for introducing the PLI scheme for Auto & Auto component players. The Company is happy to let the investors know that LATL has received approval under PLI scheme for its various products, such as:

ANNEXURE – A (Contd.)

- AT, CVT, DCT Gear Shifters
- Urea Tank Assemblies
- O2 Sensors
- Telematics, Driver Management Systems.
- ADAS
- Steering Angle Sensors

BUSINESS OVERVIEW

Founded in FY 1981, Lumax Auto Technologies Limited ('LATL' or 'The Company' or 'We') is a part of the Lumax-DK Jain Group. With its decades-rich presence, the Company has carved its strong position in the Auto Component industry. Through its journey, LATL has emerged as a preferred supplier to leading OEMs across 2Ws, 3Ws, and 4Ws automotive segments. The Company has sixteen state-of-the-art manufacturing facilities spread across five states and seven international partnerships. Our partnerships with global giants such as Mannoh (Japan), Yokowo (Japan), Jopp (Germany), Cornaglia (Italy), FAE (Spain), Ituran (Israel) and Alps Alpine (Japan) make us among the country's leading automotive component manufacturers. With advanced technologies related to safety sensors, telematics, fleet management, auto cruize, navigation, parking assistance, infotainment and anti-theft systems expected to drive growth in the coming years, LATL has strongly positioned itself to offer advanced customer solutions. Our product portfolio comprises integrated plastic modules, 2Ws chassis, 2W/3W lighting, gear shifters, emission systems, transmission products, seat frames, after market, telematics products & services, oxygen sensors, on-board antennas, electric devices and components, including software related to the Automotive industry.

Financial Highlights

On standalone basis, the revenue from operations during the Financial year 2021-22 stood at ₹ 1,15,703.46 Lakhs as compared to ₹ 90,294.89 Lakhs in the last year registering a growth of 28%.

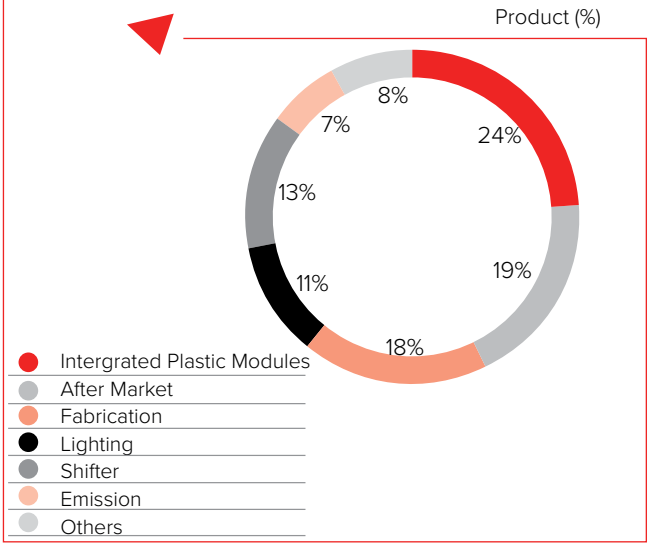
For the Financial Year 2021-22, the profit before tax and exceptional items stood at ₹ 7,924.54 Lakhs as compared to ₹ 5,566.82 Lakhs in the last year witnessing a significant increase of 42%. The PBT after exceptional items stood at ₹ 7,749.49 Lakhs as compared to ₹ 5,566.82 Lakhs in the last year registering an increase of 39%. The Profit after Tax (PAT) stood at ₹ 5,862.62 Lakhs as compared to ₹ 4,208.73 Lakhs registering a significant increase of 39%. The Basic and Diluted Earnings per share stood at ₹ 8.60 registering a significant increase of 39%.

For the Financial Year 2021-22 on consolidated basis, the Company achieved revenue of ₹ 1,50,792.43 Lakhs as compared to ₹ 1,10,792.85 Lakhs registering a growth of 36%. The profit before tax, exceptional items and share in net profit of Subsidiaries and Associates stood at ₹ 11,523.02 Lakhs as compared to ₹ 7,222.54 Lakhs in the previous year witnessing a significant increase of 60%. The PBT after exceptional items and share in net profit of Subsidiaries and Associates stood at ₹ 11,290.56 Lakhs as compared to ₹ 7,150.21 Lakhs in the last year registering an increase of 58%. The Profit after Tax (PAT) stood at ₹ 8,187.38 Lakhs as compared to ₹ 5,115.41 Lakhs registering a significant increase of 60%. The Basic and Diluted Earnings per share stood at ₹ 10.18 registering a significant increase of 47%.

Details of Key Financial Ratios

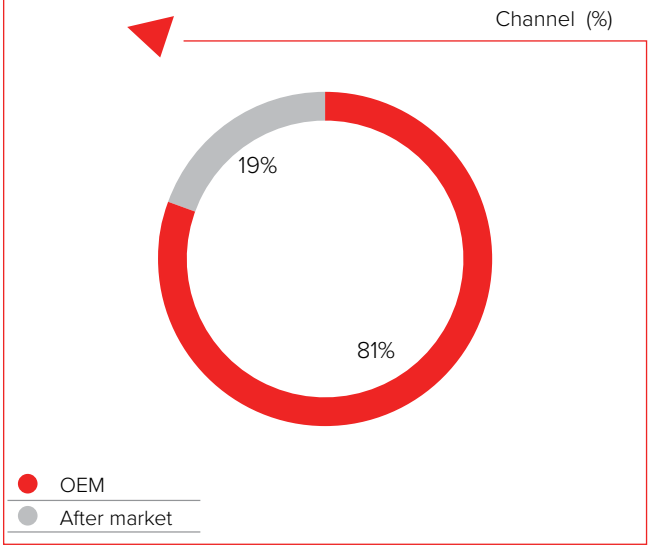
Please refer note no. 52 to the standalone financial statement for the year ended March 31, 2022.

Product-wise Revenue Mix (FY 2021-22)

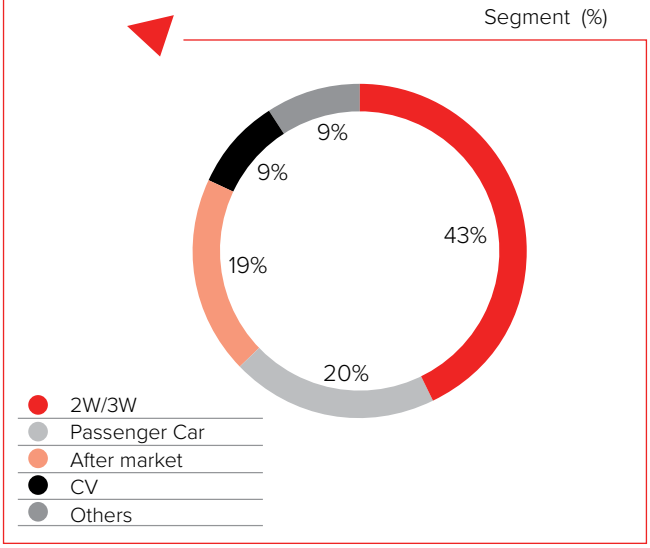


ANNEXURE – A (Contd.)

Channel-wise Revenue Mix FY 2021-22



Segment-Wise Revenue Mix FY 2021-22



RISK AND MITIGATION

Our risk management efforts aim to identify, assess, and manage risks early on and put suitable risk-mitigation measures in place. At Lumax, risk management is a continual process that involves analyzing and controlling all relevant business risks.

Risk	Impact	Mitigation
Environmental risk	The environmental impacts on automotive industry include exhaust emissions, CO2/fuel efficiency, noise, chemical substances, recycling, and effects on water resources, ecosystems and other natural capital.	The environmental policy is applicable to the Company across all its plants situated in India. Company's all plants are under green certification. The emissions or waste generated by the Company are within the permissible limits specified by the Central Pollution Control Board (CPCB) and/or specific State Pollution Control Board (SPCB). Company's Certain plants are certified under ISO 14001 Standards for Environment Management Systems (EMS).
Competition risk	Continuous innovation and the latest technology upgradations will increase market competition in the 2Ws and 4Ws segment.	The Company consistently and continuously focus on developing its key strengths as manufacturing capabilities, R&D centres as also keep diversifying and expanding its product portfolio to enjoy competitive advantage.
Labour disputes risk	Labour disputes are likely to impact the business, affecting the clients' demand thereon.	The Company encourage good relationship among its team and the unions to avoid any communication gaps, ensure mutual resolution of issues and create a conducive and productive work culture.
Economic risk	Any changes in the economy directly shows a macro impact, slowing down the Company's activity.	The Company undertake different strategies to mitigate the economic risk such as fluctuating commodity prices, volatile currency rates, and other challenges that impact the Company through global economic events.
Supply chain risk	Labour migration and COVID-19 strains led to supply chain disruptions.	The Company mitigate this business risk by retaining old and engaging new employees. Ensuring a learning culture to enhance skills of employees and provide L&D opportunities. Keeping multiple alternate sources ready, focus on local procurement and cost efficiencies, thereby enhancing the organization's capabilities.

SIGNIFICANT DEVELOPMENTS IN HUMAN RESOURCE

At Lumax, the people are its value creators in the truest sense. Their determination, dedication, and dependability play a significant role in giving the Company competitive advantage. The Company focuses on bringing talented people onboard, sharpening their skills through training, and motivating them to collaborate and innovate with experts to upgrade their skills. The Company's team is dynamic and diverse, and value the suggestions of every individual. Last year, the Company successfully rolled out key HR initiatives and talent management practices. These reinforced the principles to help employees realize their potential by:

- Motivating workforce to deliver quality output
- Building a culture of participation that enables to retain employees

ANNEXURE – A (Contd.)

- Promoting a culture of innovation to help make a difference

For the overall development of employees, training and skill development is very important. A comprehensive training structure is laid down for all employees. In addition to the induction training, regular training on job-related modules help employees improve their performance continually. Such initiatives help attract and retain the best talent across the industry. The strength of the Company, thus, lies in working and growing together as a team. The Company has adopted Kaizen, Quality Circles, Total Productivity Maintenance, Total Quality Management, 5-S, 6 sigma, 7-W and other international shop floor improvement initiatives and followed to enhance processes and productivity. Quality Control Circles constitutes an essential part of Company's growth and the overall development of numerous employees. The practice of Quality Control Circles connects people, processes and products to deliver noteworthy results. The total number of employees as on March 31, 2022 was 1072.

ENVIRONMENT, HEALTH, & SAFETY

Lumax provides a safe and healthy work environment to all its employees, emphasizing a 'Safety Culture Building'. The Company also trains the employees to make them more efficient in manufacturing products with less risks. Furthermore, the Company's implementation of a 'Safe Management System' ensures adherence to relevant law and regulations. The system includes safety procedures, safety rules, correction, safety communications, safety suggestions and safety training - capturing near-miss accidents, incident reporting, and hazard investigation.

During the FY 2021-22, the Company undertook the following activities -:

- Safety Gemba Audit and monitoring of all critical points
- KYT - Kiken Yochi Training (identifying the hazard and taking corrective measures with the help of actual users)
- Hazard identification and risk assessment of machine
- Regional Safety Meeting across all locations
- Comprehensive review/surveillance audit as per ISO 14001:2015 (Environment Management System) and ISO 45001 (Occupational Health & Management system)
- Identified probable emergency and prepared Emergency Response Manual
- Prepared standard KYT Manual
- Hazard-specific safety training (fire-fighting, first-aid, electrical safety, chemical & machine safety, and evacuation drill)

The process includes conducting mandatory training on hazards and emergency procedures in a simplified manner by anticipating and planning for emergencies, such as conducting fire and emergency evacuation drills. The Company regularly conducts safety audit and employees are informed about all safety program and policies conducted by the organization.

INTERNAL CONTROL SYSTEMS

The internal control systems are designed to operate as a well-integrated system. It comprises regular risk assessment, mitigation and monitoring. The Company first identifies key business risks using its analysis and then takes mitigating steps towards the same. The Company's internal team and an independent internal audit firm keep a close eye on business operations. Deviations, if any, are immediately brought to the notice of the Management and Audit Committee for timely action and correction. Well-documented policies and procedures enable the Company to strictly adhere to all applicable procedures, laws, rules and statutes. The Company's robust IT systems safeguard its sensitive data and ease out audit process. Accounting Standards are strictly followed while recording transactions. A host of strategies are devised in addition to robust MIS, for real-time reporting, to control expenses. Any variance from budgetary allocations is promptly reported and corrected to ensure strict compliance.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing our Company's projections, estimates and expectations may be interpreted as 'forward-looking' statements within the meaning of applicable laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to its operations include economic conditions affecting demand/supply, price conditions in the domestic and international markets in which it operates, changes in Government regulations, tax laws and other statutes. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements based on any subsequent development, information or events.