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BSE Limited Listing & Compliance Department Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001	The National Stock Exchange of India Limited Listing & Compliance Department Exchange Plaza, C-1 Block G, Bandra Kurla Complex, Bandra (E), Mumbai-400051
Security Code : 517206	Symbol : LUMAXIND

Subject: Transcript of Analysts/Investor Earnings Conference Call- Q2 & H1 FY 2022

Dear Sir/ Ma'am,

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable Regulations, please find enclosed herewith the Transcript of Analysts/Investor Earnings Conference Call which was held on Tuesday, 16th November, 2021 at 12:30 P.M. to discuss the operational and financial performance of the Company for the 2nd Quarter and Half Year ended on 30th September, 2021.

The transcript will also be made available on the website of the Company at www.lumaxworld.in/lumaxindustries

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

Thanking you,

Yours faithfully,

For **LUMAX INDUSTRIES LIMITED**



PANKAJ MAHENDRU
COMPANY SECRETARY
M.NO. A-28161



Encl: As stated above



“Lumax Industries Limited
Q2 & H1 FY2022 Earnings Conference Call”

November 16, 2021

Disclaimer:

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**MANAGEMENT: MR. DEEPAK JAIN – CHAIRMAN & MANAGING DIRECTOR
– LUMAX INDUSTRIES LIMITED
MR. ANMOL JAIN – JOINT MANAGING DIRECTOR –
LUMAX INDUSTRIES LIMITED
MR. SANJAY MEHTA – GROUP CHIEF FINANCIAL OFFICER
- LUMAX INDUSTRIES LIMITED
MR. SHRUTIKANT RUSTAGI – CHIEF FINANCIAL OFFICER
- LUMAX INDUSTRIES LIMITED
MR. ANKIT THAKRAL - CORPORATE FINANCE
MS. PRIYANKA SHARMA – HEAD CORPORATE
COMMUNICATIONS**



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Moderator: Ladies and gentlemen, good day and welcome to the Q2 and H1 FY2022 earnings conference call of Lumax Industries Limited. 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. The 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 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. Deepak Jain, Chairman and Managing Director, Lumax Industries Limited. Thank you and over to you Sir!

Deepak Jain: Thank you very much. Good afternoon, ladies and gentlemen. I hope everyone is keeping good health. A very warm welcome to the Q2 FY2022 earnings call of Lumax Industries Limited. Along with me on this call, I have Mr. Anmol Jain, the Joint Managing Director, from the finance team Mr. Sanjay Mehta, Mr. Shrutikant and Mr. Ankit Thakral, Ms Priyanka Sharma, our Head Corporate Communications along with SGA, our Investor Relations Advisor.

The results and investor presentations are uploaded on the Stock Exchange and the Company website and I hope everybody has had a chance to look at it. The industry has shown signs of recovery from June onwards. Q2 has witnessed a strong demand; however, some of our key customers are facing production cuts due to the semiconductor chip shortages. We are closely monitoring delivery schedules with our OEM customers. At Lumax, although we are directly insulated from the semiconductor shortage; however, the industry supply chain challenges are also impacting us.

I would now like to give you a brief overview of our business at Lumax Industries. The company is engaged in production and delivery of automotive lighting solutions to all segments of mobility. We are also the preferred supplier to OEMs in India and continue to be the market leaders. At Lumax our strength is customer engagement from design phase working collaboratively with the customer offering the best technology solutions.

Lighting is not only a critical safety component but also improves the vehicle’s visual appeal. Lumax with its partner of 37-years, Stanley Electric of Japan and its team of design engineers work consistently to provide new advanced technology and design engaging with OEMs at the initial design stage of vehicles.

Our new electronic Facility at Bawal is in the final phase of completion and the plant will be becoming operational in the current quarter. Also, the capacity expansion in Gujarat is expected to commence operations from the Q4 of the current financial year. The company has received LOI for the first major layout for HVAC panel from one of the OEMs and the SOP is expected in FY2024. The company has also added two new customers in its portfolio namely Matter Motors



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on EV platform where SOP is expected in FY2023 and TSA where the SOP is expected in FY2024.

The company has made the following new launches during this quarter. In the passenger vehicle segment, the Gurkha Force Motors where we actually do headlamps and high mount stop lamp. In the commercial vehicle segment, Swaraj PS04 and Ashok Leyland Ecomet and on the two, three wheelers vehicle platforms were of Piaggio of SR Motors and NUOVO as their models. The Pantnagar plant of the company won the first position in the supply quality circle award organized by Tata Motors and platinum award in the National Kaizen Competition under the Innovative Category Organized by CII and the Bengaluru plant of the company has won the gold award in QCC competition organized by QCFY Karnataka chapter. The concept of capacity planning and inventory management has taken a dynamic shift post COVID-19 because of the high levels of volatility. We are expecting our order book to improve with solid space with our new product launches by the OEMs. Now I would like to hand over the line to Mr Sanjay Mehta, Group CFO to update you on the financial performance of the company.

Sanjay Mehta:

Good afternoon, everyone. Let me brief you on the operational and the financial performance for the Q2 and H1 of FY2022. Operational highlights, the share of LED lighting stands at 34% to total revenue and of conventional lighting, it stands at 66% for H1 FY2022.

With respect to product mix for H1 FY2022 as a percentage of total revenue 64% revenue is from the front lighting, 26% from the rear lighting and 10% from others. With respect to segment mix for the H1 FY2022 as a percentage of revenue are 64% from passenger vehicle, 29% from two wheelers and 7% from commercial vehicles.

With respect to financial performance at consolidated level the revenue stood at Rs.453 Crores for Q2 as against Rs.397 Crores for Q2 FY2021 up by 14% as against industry degrowth of 3%. On half yearly basis, the revenue stood at Rs.767 Crores for H1 this year as against Rs.475 Crores for H1 last year. Excluding moulds sales, the revenue for Q2 is Rs.438 Crores as compared to Rs.376 Crores in Q2 last year. On half year basis, the revenue stood at Rs.470 Crores as compared to Rs.450 Crores in H1 FY2021.

The company reported consolidated EBITDA of Rs.41 Crores in Q2 FY2022 which is the same as was in Q2 FY2021. The EBITDA margin for Q2 is down by 130 basis points from Q2 last year primarily on account of steep increase in raw material prices the compensation of which is under discussion with customers.

Profit after tax and sales of associate are Rs.15 Crores in Q2 versus Rs.7.2 Crores in Q2 last year. On half yearly basis, the same stood at Rs.5 Crores as compared to loss of Rs.24 Crores in H1 FY2021. The capex incurred during the half year was Rs.14 Crores. For the full year, the same will be around Rs.170 Crores on account of capitalization of new electronic facility and Sanand plant expansion.



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This is all from my side. We will now open the call for questions.

- Moderator:** Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Ashutosh Tiwari from Equirus Securities. Please go ahead.
- Ashutosh Tiwari:** Firstly, on this PSA order this is for a passenger vehicle model and is it in India or overseas?
- Deepak Jain:** This is for the passenger vehicle model please.
- Ashutosh Tiwari:** In India or overseas?
- Deepak Jain:** This is basically for the overseas model. We are basically going to be doing a little bit but we will be manufacturing it in India.
- Ashutosh Tiwari:** This will be EV basically?
- Deepak Jain:** Yes.
- Ashutosh Tiwari:** You mean to say supply will start in FY2024?
- Deepak Jain:** That is correct.
- Ashutosh Tiwari:** What will be the size of this order let us say at peak potential?
- Deepak Jain:** Currently we are talking about volumes of 18,000 annually.
- Ashutosh Tiwari:** Secondly, on this revenue from others in the presentation I think that has seen quite a good ramp up versus last year and then Q4 also was very high so which customers are contributing to this higher other revenue?
- Sanjay Mehta:** We have put the others as Rs.104 Crores. If I distribute that it includes the TVS of Rs.14 Crores, LATL of around Rs.26 Crores, JD of Rs.10 Crores, MG Motors as Rs.3 Crores, Toyota is Rs.5 Crores and Nissan is Rs.5 Crores and the remaining other customers at the Rs.41 Crores. So bifurcation of Rs.104 Crores in the portfolio is like this.
- Ashutosh Tiwari:** Which one you said is the Rs.26 Crores?
- Sanjay Mehta:** Rs.26 Crores is the Lumax Auto Tech.
- Ashutosh Tiwari:** It is Auto Tech?
- Sanjay Mehta:** Yes.



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- Ashutosh Tiwari:** This is mainly aftermarket, right?
- Sanjay Mehta:** Yes.
- Ashutosh Tiwari:** In the recent model launch like XUV700 do we have any presence in M&M?
- Deepak Jain:** On XUV700.
- Ashutosh Tiwari:** Yes?
- Deepak Jain:** We are basically not present on the lighting solutions.
- Ashutosh Tiwari:** Lighting you are not there and lastly in terms of RM pass through there is some bit of gross volume pressure that we are seeing so will the pass through happen in Q3, Q4 or how should we look at it in terms of the gross margin going ahead?
- Deepak Jain:** Absolutely there is a lag of about one to two quarters so that basically should come in terms of the raw material and we have already taken in terms of almost close to around about 2% or so where we have actually requested for the customer price increases.
- Ashutosh Tiwari:** Is there any further increase in RM prices in Q3 as well versus Q2?
- Deepak Jain:** Obviously, the RM prices still continue to increase and there are a few RM prices that still continue to escalate and I think that we will again be taking in compensation with the Q3 and Q4. We are still seeing a very inflationary trend in RM prices.
- Ashutosh Tiwari:** Thanks, and lastly on the capex side what would be the final number for this year and plan for next year?
- Sanjay Mehta:** The Capex is expected around Rs.170 Crores largely of that would be on Sanand expansion and the electronics of that PCB division.
- Ashutosh Tiwari:** You are talking about this year?
- Sanjay Mehta:** This year, yes. It will capitalize in this year.
- Ashutosh Tiwari:** Next year Sir?
- Sanjay Mehta:** Next year it is around Rs.100 Crores to Rs.150 Crores, but that all depends on how the industry grows.
- Ashutosh Tiwari:** Thank you. I will join back in the queue.



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- Moderator:** Thank you. The next question is from the line of Sanjay Shah from KSA Securities. Please go ahead.
- Sanjay Shah:** Good afternoon gentlemen and wish you all a Happy New Year too. My question was more regarding the broad-based industry outlook what do you feel? How do you see the passenger vehicle and two-wheeler panning ahead and when do you see these chip issues to get resolved? We would like to have your view on that Sir?
- Deepak Jain:** Thank you and Happy New Year to you as well. I just wanted to say that I think we continue to be challenged by semiconductor shortages as a supply chain globally. As far as our estimate is concerned, I think the next few quarters would actually have that kind of challenge, but that is the new normal. I think our customers will adjust the production schedule. Some of the main customers have seen the ease of semiconductors already coming in and the ramp up has started in the month of October and even November primarily because of a particular region COVID cases being eased out and they are basically semiconductor supplies starting better from that region. So, there is a capacity issue accentuated by COVID issues. If I were to give you an outlook, so the industry I think the two-wheeler will continue to have a muted demand. We are seeing that in one major customers of ours and also, I am mostly talking about this financial year as such and also the passenger car would have a muted demand, but that would be not be because of demand, but that primarily is because of the supply chain disruptions so we see that for the next two quarters also would actually have certain demand issues and supply chain constraints.
- Sanjay Shah:** Got it Sir. Sir my second question was regarding on that can you get us some understanding about the future prospects of this new generation AFS and ADB prospects what do you see that what change comes in and what opportunity lies to us on that side?
- Deepak Jain:** So, I think in terms of the lighting technology, I mean say the lighting technology continue to evolve. I think from the LEDs which is already having a good acceptability in the market there are specifically on the four-wheeler segment where the four-wheeler if you see SUVs are taking a lot more attraction and traction than the lower segment vehicles and, on the SUVs, I think these new technologies of lighting be it AFL, be it ADB be it projector systems and that will play an important role. We already are in discussions with most of our customers as you know lighting is a long lead time and advanced lead time item so specifically on pass cars which, we are talking about two to three years hence you will see all these technologies coming in. The challenge would be that it will be a mix of import as well as then localized technologies. The electronic facility what we have put in which is for the localization SMT that would help us in also further localizing these technologies.
- Sanjay Shah:** Thank you. Thank you, Sir. I will come back in the queue for more questions if any.
- Moderator:** Thank you. The next question is from the line of Hasmukh Gala from Finvest Advisors LLP. Please go ahead.



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- Hasmukh Gala:** Congratulations for a good set of numbers. Sir can we have the new technologies that you talked about, does Stanley have them?
- Deepak Jain:** Yes, absolutely. Stanley has that. We are also in discussions with them for basically adapting these technologies for the Indian affordability price so Stanley is definitely a player on that. We have also mentioned that we have opened a new office in Czech with basically a team which, is again Lumax Industries invested in the Czech design office capabilities and this is primarily also to substantiate engineering, localized development within Lumax for these new technologies.
- Hasmukh Gala:** For the current year, we said that our capex will be about Rs. 170 Crores can you give a break up as to how much you will be spending on the electronic facility?
- Sanjay Mehta:** Electronic facilities would be around Rs. 80 Crores to Rs. 85 Crores and that of others are the Sanand facility and the normal capex. I am talking about capitalization.
- Hasmukh Gala:** Yes, capitalization? Next year we will have about Rs.100 Crores to Rs.150 Crores?
- Sanjay Mehta:** Yes, depending on the industry cycle and all.
- Deepak Jain:** I think we have been very prudent in terms of our capacity investments so fundamentally in terms of the investments which we had to do in the expansion primarily on Sanand as well as in the electronics that has already been done. What you will see is now the capitalization. I think in terms of cash flow I think we probably would be more attuned to a lesser capacity expansion given basically the variability so we do not see looking into the order book and the capacities we have to have any strong expansions on that. We want to first optimize our current capacity utilizations.
- Hasmukh Gala:** Right. Sir looking through the current scenario and the supply chain issues faced by most of our OEM do you think that in H2, we can more or less replicate what we have done in H1 or slightly better? Do you think that possibility is there in terms of at least topline?
- Deepak Jain:** I think you have to understand that Q1 was actually a COVID 2.0 impacted so if you look at H1 per se, I am definitely sure that H2 will be much better than H1. That is for sure I think there will be a high double-digit growth if I just compare it with H1 and I think we would also expect that there should be some ease because supply chain disruptions do also play on efficiencies and other cost pressures. I think that would ease out because we are seeing a better supply chain kind of an adjustment given the current shortages we have.
- Hasmukh Gala:** So, in terms of our EBITDA margin without other income do you think if we can have a double digit of about say 10% or will it be below that level?

- Deepak Jain:** No. I think if you see historically, I mean say we have 7% and then we have 8.1%. Now we are at about 9%. I think we would endeavor to be at this similar level which you have seen in Q2 as such.
- Hasmukh Gala:** Around 9% so even for full year can we sustain that level?
- Deepak Jain:** We would like to sustain that yes.
- Hasmukh Gala:** Sir last question from my side. How much is the gross debt because we had about Rs.425 Crores as on September 30, 2021, so have we fully drawn everything you wanted for the capex or there will be some more borrowing that will be there?
- Sanjay Mehta:** We have taken Rs.80 Crores for the expansion project as a long-term loan and if I add the working capital of around Rs.300 Crores, the total debt is around Rs.388 Crores or Rs.390 Crores as on September 30, 2021.
- Hasmukh Gala:** There are some leased assets also?
- Sanjay Mehta:** Pardon.
- Hasmukh Gala:** Leased assets? Assets taken on lease I was adding that also?
- Sanjay Mehta:** No. I am talking about debt, which I have taken from the bank or the financial institution which comes as a debt in my book.
- Hasmukh Gala:** So, that is Rs.380 Crores? By the end of the year, do you think it will be similar or will it be more than that?
- Sanjay Mehta:** I think we will be able to maintain at this level or rather improve it.
- Hasmukh Gala:** Sir thank you very much. All the best. I will join in the queue.
- Moderator:** Thank you. The next question is from the line of Bhaskar Chaudhry from Entrust. Please go ahead.
- Bhaskar Chaudhry:** Mr Jain just one question. When do you anticipate that you will hit the year peak revenue of about Rs.1800 Crores to Rs.1850 Crores? Do you anticipate hitting it again in FY2023 or do you think it should be FY2024?
- Deepak Jain:** Let me understand the question. You are saying that when do we anticipate the peak revenue, which we did in 2018-2019 when and which fiscal year we would hit that is that the question?
- Bhaskar Chaudhry:** Yes, that is the question.



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Deepak Jain: It is a tough question because given the visibility and different kind of disruptions, but we do would like to hit it basically in the next financial year. I think if you look at our just one quarter performance multiplied by four times, I mean so if you see that basically would give you closer to the peak revenue which we hit in 2018-2019. Of course, there is quarter on quarter disruption. I think next year should be a much more robust year taking us closer towards the 2018-2019 revenues.

Bhaskar Chaudhry: In terms of the composition of LED lighting which is conventional so you know obviously the events of the last couple of years have kind of impacted that journey, but when do you see you know earlier a few years ago I recall that there were talks about you moving to the 50% number so you know internally and in your long understanding when do have the questions at the broad level you when do you see that number actually kind of converging to 45% to 50%?

Deepak Jain: I think obviously, we have been doing at a 60:40 level. Today it is at about 35:65 level. I think our outlook remains that we want a 50:50. I think I have mentioned in the previous calls that the new developments what we are doing it is some element in lighting both on tail and head is basically LEDs. We expect that next two years we should basically hit that 50:50 level. Also, you have to see that very closely that in the market the bottom of the pyramid and the two-wheeler sales have actually been impacted in terms of demand and I think the customer may basically look at introducing new technologies to entice more customers lighting being one of them is basically coming in so I think we are pretty hopeful that irrespective of how the market demands changes, you know the LED attrition and LED adaption will continue to increase.

Bhaskar Chaudhry: Understood and one last question is you know when do you see operating leverage start to play out because you know the earlier participant also asked you that question but in terms of margin you know when do you actually see double digit margins in the business and sustaining so again from your long range planning how are you viewing the margin trajectory for the next three to four years short term there are obviously uncertainties but from the long term basis how do you view that journey?

Anmol Jain: This is Anmol Jain so I will take that on the margin front. I think if you look at the margin currently even in Q2 broadly we are operating at a double digit had it not been for the raw material price correction because we are still awaiting certain price amendments from our OEMs, which would come in the subsequent quarters so if I look at Q2 standalone you know clearly, we are still operating at a double-digit margin. Going forward I think the next let us say in H2 we should definitely fair much better compared to H1 purely because of the volume traction as well as certain raw material price gains, which we anticipate to get from the customers and going into the next year I would say that definitely we should be expanding our margins further when the topline growth also expands and given two to three year horizon, I think I have always maintained that our endeavor is to inch closer to a teenage EBITDA like a teen 13% EBITDA also but it would entail at least a few years unless until we get there but clearly the roadmap is clear and I hope that going forward quarters and years ahead we only kind of follow the same path in line with our three to four year goals.



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- Bhaskar Chaudhry:** Thank you. That is all from me. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Ronak Jain from Jain Capital. Please go ahead.
- Ronak Jain:** Good afternoon. A couple of questions from me. Value LOIs received in HVAC panel as mentioned in the press release the SOPs expected in FY2024? Are we expecting any other delivery in HVAC prior to that?
- Deepak Jain:** The line was not clear. Could you just repeat the last sentence? I understood that HVAC panel then what did you say on the last point. What was your question?
- Ronak Jain:** Are we expecting any other delivery in HVAC prior to that?
- Deepak Jain:** On HVAC panels no.
- Ronak Jain:** Secondly what is the value of new launches made during the quarter?
- Deepak Jain:** The value of new launches.
- Ronak Jain:** Yes?
- Deepak Jain:** I think I do not have that figure with me right now. I will send it out to you.
- Ronak Jain:** Sure, that is all from my end. Thank you.
- Moderator:** Thank you. The next question is from the line of Raj Joshi from Ace Securities. Please go ahead.
- Raj Joshi:** Can you provide some guidance on the H2 number in terms of topline and margin considering the prevailing semiconductor scenario?
- Deepak Jain:** For the full year?
- Raj Joshi:** For the H2 Sir?
- Anmol Jain:** If I were to look at Q2 standalone the Company did a Rs.450 odd crores revenue and I do expect that Q3 and Q4 hopefully we should have a similar trend continuing. Obviously, Q1 was a much lower number because of COVID 2.0 so I mean if I were to give you a sense, I would expect at least close to around another Rs.850 Crores to Rs.900 crores revenue for H2 assuming that the similar trend continues in terms of the production ramp up because as Deepak had mentioned earlier the semiconductors most OEMs have started ramping up in Q2 onwards because of the semiconductor shortage they seem to have their supply chains now covered.
- Raj Joshi:** Sir my next question is what are our expansion plans in near future and what is our long-term lights and other product diversification ratio?



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- Deepak Jain:** I think you know the company has taken during the Corona period I mean substantial investments. Rightly so the investments have been primarily in the expansion of the Sanand facility which is in Gujarat and also on the expansion of the electronic facility. On the near term we do not see any further expansions because the company is quite poised and has basically made the technology as well as capex and opex investments. Now we are looking for good pull from the customers so that we are able to utilize it. In terms of diversification, I mean say although the company is primarily to lighting, we have basically secured ordered or basically HVAC panel, which Stanley also manufactures globally and that we have already secured an order, which will basically start the SOP in FY2024.
- Raj Joshi:** Thank you.
- Moderator:** Thank you. The next question is from the line of Hasmukh Gala from Finvest Advisors LLP. Please go ahead.
- Hasmukh Gala:** Thank you for giving me the opportunity. Sir can you just tell us what is happening in SL Lumax?
- Sanjay Mehta:** SL Lumax financial for Q2 itself was around Rs.511 Crores with EBITDA margin of 5.2% and if I accumulate the H1 performance it is around Rs.973 Crores, of the sales with EBITDA margin of 3.7%.
- Hasmukh Gala:** How much Sir?
- Sanjay Mehta:** EBITDA is 3.7%.
- Hasmukh Gala:** 3.7% EBITDA so from the future point of view how do you think Hyundai and Kia both put together will shape up because I think that Hyundai has been taking lot of initiatives going by the ads and the articles which come in the auto magazine regarding some setting of customer pending interface and things like that? How do you see the future for SL?
- Deepak Jain:** I think SL is basically our Korean partner and catering to Hyundai and KIA. If I were to merge Hyundai and KIA volume and see how they have performed so they have definitely been one of the second largest beneficiary in terms of market share gain over the last two years amidst the largest probably being Tata and I think we continue to enjoy a very solid and strong partnership with Hyundai and KIA as we are the dedicated source to them for lighting, for trim parts or even shifters and mirrors so that is why I mean so you see there is a strong performance; however, as I have always mentioned that SL Lumax is a global account with SL for these two products so there is always basically a standardized profitability given the growth so we are very bullish about it and the company has also invested for KIA Motors on that expansion.
- Hasmukh Gala:** That is right. Sir so now looking to the customer wise breakup, which you have given, you know the Maruti Suzuki has gone on record to say that SUV segment has been overshooting as

compared to the lower cars, the small cars, etc., they do not want to vacate that space so you know as the other OEMs are getting more over the SUV, etc., how do you see our customer composition changing over next few years like in this particular quarter Tata Motors has done so well? What is your feeling about it?

Deepak Jain:

I think it is a very good question. I think if I just look at it we are very fortunate that in our top five customers apart from Maruti Suzuki and the two-wheeler players number four and number five are Mahindra & Mahindra and Tata Motors and both players are basically the largest SUV manufacturers. I am not taking Hyundai and KIA because Hyundai and KIA we cater to through SL Lumax. So, if I look at from a very clear-cut market strategy and market share consolidation, we have Maruti, we have Hyundai, we have KIA, we have inroads with Mahindra and we have inroads with Tata, which are basically the current top five players in the country. Now obviously someone's gain would be someone's loss. Today it looks as if the SUV is extremely bullish and you are right that Maruti Suzuki has made some statements in the media. We continue to engage with all our customers diligently. Maruti still we believe will continue to be our number one customer just because of the scale of Maruti is almost two times or 3x than what the other two, three or four players are, but the strength shifting we are monitoring. Primarily I think it will drive the technology change which is the other lighting because SUVs do demand a higher technology and a higher value add on lighting as you saw when the AB segment started to move towards C segment that means the entry cars of Alto which we were also 100% started to move to C segment. You saw that lighting value also went up. We are also very hopeful that lighting value will keep on going up when you talk about the SUV. Case in point I just want to also elaborate MG Motors. Now MG Motors is a new entity for Lumax. It is a new customer. I think we are very, very bullish. I think that also has in the next three years a potential for Lumax to become its top five customers.

Hasmukh Gala:

Correct and Sir new lighting technology, which you talked about can you talk about how much time it will take for technology and to start manufacturing lighting, which might be fitted in the SUV and some high-end vehicle? How much time it will take?

Deepak Jain:

Irrespective of whatever type of technology, lighting basically takes at least two to three years in terms of a development cycle and so we would have some visibility on say FY2024 sitting currently but what are the products launches are coming in. Now there could be let us say a six month plus or minus delay some customers have had. We have seen that in recent past especially more so in the Corona times when basically customers have delayed their launches maybe because of chip shortages, maybe because of demand outlook and all that. But I think as a lighting product it is early advanced program. It takes two to three years so we have a good visibility what kind of product technologies will be coming and entering into the market.

Hasmukh Gala:

In view of this do you think there is any major shift in the competitive position of the different players who are there like ourselves, Minda and others?

- Deepak Jain:** We continue to and will be taking the market leadership position. We will continue to do that in the next three years or so and that is what basically our outlook is. Again, I would like to repeat that a lot of the competitions are more specific towards one market segment. There are very few who basically cater to across all market segments. The new growth opportunities apart from the Pascars, two wheelers what we already are currently playing with and have basically the customer connected is on the farm equipment segment where basically a lot of new lighting technologies has come in. We see that in that segment also Lumax will be in the next three years become a clear winner as the market leader on that particular segment so I think this is where we continue to play out and of course we do get advantage of Stanley being there as a partner which gives us and provides us the technology.
- Hasmukh Gala:** Correct. Sir one question for Mr. Mehta last time you had said that in current year our effective tax rate will be around 35% so do you still hold on to that for FY2022?
- Sanjay Mehta:** Yes, for the current year, it will be around 30%.
- Hasmukh Gala:** Including deferred tax liability?
- Sanjay Mehta:** Yes.
- Hasmukh Gala:** Fine. Thank you, Sir. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Nidhi from N K Advisors. Please go ahead.
- Nidhi:** Thank you for taking my question. I just want to understand that with respect to backward integration plans could you throw some texture on how much advantage we will be able to derive on our margins and how long will it take us to reap these benefits in with respect to margins?
- Deepak Jain:** You are talking about the investment plans ma'am.
- Nidhi:** The backward integration plan?
- Deepak Jain:** Backward integration plan Yes so as Anmol has said that I think our endeavour is to basically go into the double-digit area and further solidify in the next three years or so. I think as and when more and more localization and adaption of LEDs will start coming in you will see those gains happening. Also, we see that the supply disruptions are easing out and hopefully we would be able to then scale up our revenues faster with new product launches so we are definitely bullish about having a better margin improvement given that the supply chain disruption yield up.
- Nidhi:** Thank you. This really helps also are we facing any difficulty in marketing our LED products with overall a price rise scenario for vehicle?



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Deepak Jain: Well, LEDs as I said lighting is a long lead time item. It takes for a two-wheeler almost about six to eight months even a year sometimes. On four-wheelers it takes almost close to two to three years so I think we are seeing that there is a healthy adaption and adoption of the LEDs. Our outlook of basically a 50:50 revenue remains intact in the LED vis-à-vis conventional and since we are an OEM play say lighting technology largely also depends on what basically as a vehicle architecture the OEMs want to give out. So, I think that way there is I think no change in our outlook on the LED adaption adoption.

Nidhi: That is great. Can I ask one more question so you mentioned about your organic LEDs in the plan for 2025 onwards, can you give some more details on that particular product please?

Deepak Jain: I think there are various types of LEDs. Again, you know Stanley is one of the partners, it is one of the very unique players who also manufactures its own LEDs so you know irrespective of what kind of OLEDs or say the regular conventional LEDs or any of the new technologies and projectors come in we are pretty adept on actually having those old technologies coming in. The company keeps on consistently doing technology road shows with our key customers to show that these are the technologies available. And as I said that OEMs a lot of the lighting interventions what they want to introduce to the market is also dependent on their customer technology roadmap. So I think that way as and when the technology adoption happens we have invested in the electronics plant so that would actually cater to the back end on new LED technologies as well.

Nidhi: Thank you so much. It is really helpful.

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

Jinesh Gandhi: Sir my question pertains to the PLI scheme so is there any place for lightings in that for you or it does not get covered in the PLI?

Deepak Jain: No Sir. PLI scheme has been notified on November 10 2021. If you see they were almost about 300 requests so as far as we understand right now the lighting is not part of basically the PLI. Primarily what I understand that the government sees it is a highly localized product already and they are basically looking at the advanced technologies so as of now we do not see PLI for lighting; however, obviously from the other schemes like M-SIPS and other electronic this thing we are seeing that some incentive advantage will be coming into the company.

Jinesh Gandhi: Got it great. Thanks, and all the best.

Moderator: Thank you. The next question is from the line of Hasmukh Gala from Finvest Advisors LLP. Please go ahead.

Hasmukh Gala: Sir I did not get the breakup of 104 Crores properly if you do not mind can you repeat it Sir?



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Deepak Jain: More or less, this is for Q2 the Rs.104 Crores. I think LATL is basically Rs.26 Crores, TVS is about Rs.14 Crores, John Deere is Rs.10, MG is Rs.3 Crores, Toyota is Rs.5 Crores, Nissan is Rs.5 Crores and in those other customers are Rs.41 Crores giving a total of Rs.104 Crores.

Hasmukh Gala: Thank you.

Moderator: Thank you. As this was the last question for today, I will now like to hand the conference over to Mr Deepak Jain for closing comments.

Deepak Jain: I would like thank everyone for joining on the call. I would also like to say that we remain confident on the growing prospects of India and the automobile and the auto component industry. I hope we have been able to respond to your queries adequately. For any further information kindly request, you to get in touch with SGA, our Investor Relations Advisors. Please stay safe and healthy. Thank you very much.

Moderator: Thank you. On behalf of Lumax Industries Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.