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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 Earnings Call for the Analysts and Investors - Q4 & FY 2021-2022

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 SEBI Regulations, please find enclosed herewith the Transcript of Earnings Call for the Analysts and Investors of the Company which was held on Wednesday, May 25, 2022 at 02:00 P.M. to discuss Operational and Financial performance for the 4th Quarter and Financial Year ended on March 31, 2022.

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

This is for your information and records.

Thanking you,

Yours faithfully,
For **LUMAX INDUSTRIES LIMITED**

Pankaj Mahendru

PANKAJ MAHENDRU
COMPANY SECRETARY
M.NO. A-28161

LUMAX INDUSTRIES LIMITED

Encl: As stated above

"Lumax Industries Limited - Q4 & FY22 Earnings Conference Call"

May 25, 2022

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 25th May 2022 will prevail

MANAGEMENT: **MR. DEEPAK JAIN - CHAIRMAN & MANAGING DIRECTOR, LUMAX INDUSTRIES LIMITED**
MR. ANMOL JAIN – JOINT MANAGING DIRECTOR, LUMAX INDUSTRIES LIMITED
MR. VINEET SAHNI - CEO AND SENIOR EXECUTIVE DIRECTOR, LUMAX INDUSTRIES LIMITED
MR. SANJAY MEHTA – GROUP CFO
MR. NAVAL KHANNA – DIRECTOR, LUMAX MANAGEMENT SERVICES PRIVATE LIMITED
MR. SHRUTIKANT RUSTAGI – CFO, LUMAX INDUSTRIES LIMITED
MR. ANKIT THAKRAL – CORPORATE FINANCE
MS. PRIYANKA SHARMA – HEAD, CORPORATE COMMUNICATIONS

Moderator: Ladies and gentleman, good day and welcome to the Lumax Industries Limited Q4 and FY22 Earnings Conference Call. 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 operator assistance during the conference call, please press '*' 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 of Lumax Industries Limited. Thank you and over to you.

Deepak Jain: Good afternoon, everyone. I hope everyone is continuing to be in good health Along with me on this call, I have Mr. Anmol Jain - The Joint Managing Director as well as Mr. Vineet Sahni – CEO and Senior Executive Director, along with other members of Lumax Management team.

The results and investor presentation is uploaded on the Stock Exchange and the company's website and I hope everybody has had an opportunity to go through the same.

To begin with, the challenges for the Automotive Industry continued due to the shortage of semi-conductors, geo-political tension and supply chain disruptions on account of the third wave of Covid – 19. However, we have outperformed the industry growth and were able to stand out ground during these challenging times. We have been able to manage our supply chain efficiently with our vendor network to overcome the short supply challenges and are hopeful that the scenario of short supply will ease off during the current and the next quarters. Despite all the challenges, the auto industry posted growth even during the turbulent times and the economy has down stacked, and are operating at pre pandemic levels and showing signs of recovery and growth for the coming financial year.

In the PVs, the demand momentum seems to be sustained, led by easing supply chain constraints, new launches, growing preference for personal mobility and improve consumer sentiment. Further, the recent reductions of fuel prices announced by the government, would also benefit the auto industry. The reduction in fuel prices will particularly benefit the two-wheeler segment, the customers have been impacted adversely by persistent inflation in the total cost of ownership over the last two years. We anticipate the Auto sector to benefit both: on the demand as well as on the cost side. Besides the curb in fuel prices, we also believe that the government's export duty hike on steel and plastic would do well for the auto sector due to the elevated commodity inflation. The measure announced particularly should have an offsetting steel price increases and help the auto industry to cope up with the inflationary cost pressures.

We at Lumax Industries continued to be the market leaders in preferred suppliers; the OEMs in India for Automotive Lighting Solutions in two-wheeler, passenger car, farm equipment and commercial vehicle segment. Our technical and financial collaboration with Stanley Electric, Japan makes us efficient in localizing this global technology for lighting. We are expecting new technology such as AFL- ADB projector systems to play an important role in mobility in India towards safety and we are working with our customers to develop these products. We are still holding to a long-term target of achieving 50% in the LED segment and that is from the conventional lighting.

For FY22, LED segment contributed 33% of our total revenue, which is similar as last year. During the quarter, the company has commenced the commercial production automotive electronic components at its new manufacturing plant situated at Bawal, Haryana on 12th January, 2022 and the company has also started commercial production at its new Sanand plant situated at Gujarat on 29th March, 2022.

During the quarter 4, financial 2022 the following models have been launched which have our lighting:

In the passenger car segment, we have MG Motors Astor and Toyota's Fortuner and in two-wheeler, we have Hero's Destini 125, Hunter 150 and the HMSI CB300R.

Company was also awarded at the Pantnagar plant for the Gold Award in Excellence in Manufacturing, Silver Award in Excellence in New Product Development and in Pune for Excellence in Human Resources respectively in the Atmanirbhar Excellence Award category held by ACMA. We further believe that, over the cup of revival, the great new launches by the OEM, ability of EV, especially with two-wheeler and three-wheeler segment and favorable policy by the government should elevate the demand in the near future.

Lumax is also committed to increase offerings for new products as well as increase in the wallet share in our existing OEMs, addition to our product portfolio and new launches. We have a focused approach in R&D and we continue to strive to provide more efficient and improved products for the market, not only in the field of lighting but also in the electronic localization.

The company holds a strong order book of Rs. 800 crore and we are looking forward to an improved and sustained performance in the coming fiscal. 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 operation and financial performance for the quarter 4 and FY22. With respect to product mix for FY22, as a percentage of total revenue; 64% revenue is from the front lighting, 25% from the rear lighting and 11% from others. With respect to segment mix for the FY22, as a percentage of revenue, 65% from the passenger vehicle, 28% from two-wheelers and 7% from commercial vehicle. With respect to financial performance at consolidated level, the revenue stood at Rs. 549 crores for the Q4 FY22 as against Rs. 504 crores in Q4 FY21, up by 9%. On full year basis, the revenue stood at Rs. 1751 crore for twelve months this year as against Rs. 1426 crore for twelve months last year, up by 23%. Excluding mould sales, the revenue for Q4 is Rs. 488 crores as compared to Rs. 491 crores in

Q4 last year, down by only 1% as against industry's dis-growth of 16%. On full year basis, the manufacturing revenue stood at Rs. 1659 crore as compared to Rs. 1375 crore in twelve months FY21, up by 21%. The company reported consolidated EBITDA of Rs. 61 crores at 11.1% in Q4 FY22 as against Rs. 65 crores at 13% in Q4 FY21. There was a subsidy income amounting to Rs. 13 crores in Q4 of last year, excluding the same EBITDA margin for Q4 FY21 would be 10.4%. The margins have improved by 17 BIPS in Q4 FY22 versus Q4 FY21, if I exclude the subsidy income of the last year. The EBITDA margin for twelve months FY22 stands at 8.5%. the company has incurred an exceptional expense of Rs. 6.79 crore in Q4 FY22 and Rs. 17.14 crore in FY22 twelve months towards voluntary separation scheme in one of its plants. The Capex incurred during the current year is Rs. 149 crores, which mainly includes capitalization of new electronic facility at Bawal and Sanand plant expansion. 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. Our first question is from the line of Ashutosh Tiwari with Equirus Securities, please go ahead.

Ashutosh Tiwari: Yes, hi. Congrats on a very good set of numbers this quarter. Firstly, how should we look at margins because we had also higher mould sales, so do we make a better in company margin on mould sales or this is just cost that comes through.

Anmol Jain: This is Mr. Anmol Jain, so I will take that question. So, we do make margins on tooling, however, it depends on case to case. There is no standard answer that whether we make higher margins on moulds than the operations but overall, I would say, we will definitely make better margins.

Ashutosh Tiwari: Okay, so you make better margins on tooling than operations, okay. The second thing is that we had talked about that in the last conference call that with this new electronics plant coming into operation, there will be one, two and a half percent margin improvement over a period of time. So, have we got any benefit, if it quantifies roughly also? Like what you have pretty got from those better indications in the last quarter.

Deepak Jain: So, if you look at 2019 - 2020, when the insourcing of the electronic happened. At that point of time, the EBITDA margins did go up, by almost about 1% or so and I think obviously in the last fiscal 2021 – 2022, there were certain other challenges which also increased the cost structure but I would say that it is very difficult to quantify exactly how much in Q4 would be the benefit but for the full year, I would say that yes, it should be approximately the same as about 1% incremental because of the insourcing of electronics. I do not necessarily sweep the additional margins being expanded because of the Bawal Electronics facility per say, because the insourcing did happen in 2019 – 2020 but going forward, as we scale up the Bawal facility, we will get better economies of scale.

Ashutosh Tiwari: Okay, and have we got the full pass through from the OEMs in the last quarter or this is something remaining and only impacting margins still?

Deepak Jain: Are you talking about raw material consumption?

Ashutosh Tiwari: Yes, so have got the full pass through of the all the RMs escalation or something is still there?

Deepak Jain: Raw material is an ongoing discussion and dialogue with most of the OEMs. I would say that majority of the raw material escalations have been received by the company however, there is usually a time lag of about three months with certain OEMs and whatever the spill overs are, we would expect to close them in quarter1. Now that raw material prices have anyways softened and started to cool down.

Ashutosh Tiwari: So, in general how do you see the margins going ahead over the next one, two to three years' perspective?

Deepak Jain: So, I have always maintained that our first endeavor was to maintain a double digit margin and I think we had the highest margin in 2019 - 2020 where we crossed the double digit threshold, post that of course the last 2 years because of certain challenges of COVID, cost structure as well as industry growth, the margins did fall back into single digits of some 9% at EBITDA levels but I would say that in the coming year we would be able to come back to double digit margins and going forward, over a 3-year period, I think our endeavor is to reach the teen margins, get to close to 13% margin at an EBITDA level, that would be our guidance for the next three years or so but at least for the coming year we would be able to at least sustain into the double digit territory which has been reported in the last quarter as well.

Ashutosh Tiwari: And lastly, we had talked about HVAC panel orders. will probably begin in FY24, is it 24 only or it will start before that? This was for the Toyota Maruti model, right?

Vineet Sahni: The HVAC panel is for Honda and we are starting in, as per the plan FY24 and this will be the first product and there is a plan to it and we are following the same plan, there is no change.

Ashutosh Tiwari: This is for Honda, you said?

Vineet Sahni: That is correct, it was Honda 4-wheeler, it was not Toyota.

Ashutosh Tiwari: And just one more question, when we highlight orderbook of Rs. 800 crores, what does that exactly mean? This order book means over what period like over what months or quarter, what exactly you mean by this orderbook?

Anmol Jain: So, when we talk about the orderbook, there is usually a development lead time between 18 - 24 months for the launch and thereafter there is some lead time for reaching the peak volumes, so the Rs. 800 crore orderbook is probably going to get peaked out in the next 2 - 3 years, however I would say that the good part to look at is that, only about 20% of this orderbook is replacement orders and almost 80% of the Rs. 800 crore business is actually new orders that means the company has either got new platforms or what new products of certain platforms where the company was not present today. So, that is a healthy plan but answering to your question, the peak of this Rs. 800 crores would probably come after 2 - 3 years.

Ashutosh Tiwari: This is the peak order revenue potential from the new order that we have won in the recent past?

Anmol Jain: This is based on RFQ volumes.

Ashutosh Tiwari: That I understand but this is like say, will this in this orderbook does this mean that you probably are gaining market share or it is x of Maruti a bigger order where you are winning in good order book as well?

Anmol Jain: Absolutely we will be gaining market share, I would not be able to diverse details in terms of which OEM we will be gaining market share in and vis-à-vis which competition but as I said these are new orders, almost 80% of them which the company does not have today, so clearly, we have increased the wallet share in certain OEMs and we have been able to get orders of certain new platforms which the OEMs are launching.

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

Abhishek Jain: Sir is there any one-off benefit in quarter 4 at EBITDA level like this quarter done by the company that was accounted in this quarter?

Anmol Jain: This one-off cases in quarter 4 in FY22 except that if you are looking at the EBITDA margins there is a very high mould sales and has a strong margin on the mould sales in quarter 4 specifically, so going forward, I would say that would kind of even out but that is the only one-off case because mould sales are not in every quarter, they are dependent on the launch of the OEM.

Abhishek Jain: So, next year we are expecting a lot of new launches will come from the different OEMs, so mould sales, how is the outlook for the mould sales for the next financial year?

Anmol Jain: I think on an annualized basis the mould sales will be approximately Rs. 100 crore - 150 crore which is pretty much similar to what the company does on an annual basis, I do not expect any significant increase or drop in that but I was more referring to your question pertaining to the last quarter where you asked me if there is any one-off cases, I was just trying to make you understand, that there was a high tooling sale in quarter 4 itself which would obviously not be recurring in each quarter.

Deepak Jain: Also, just to add Anmol I think there is no exceptional addition on the cost, there is an exceptional expense which is about Rs. 6.79 crore during quarter for the VSS scheme, which get launched.

Abhishek Jain: Okay, sir during this quarter material expenses to sales ratio has again gone up, so what would be the key driver for the gross margin expansion going ahead?

Anmol Jain: As I mentioned earlier, the guidance for the margins going ahead would be to sustain the double-digit EBITDA, an EBITDA in 2019 - 2020 was close to about 10.5% and we would definitely like to sustain that EBITDA going forward during the financial year and given a three-year outlook or guidance our endeavor is to expand the margins to get closer to that teen EBITDA levels, close to 13%.

Abhishek Jain: Okay, sir how much is your current import content and what was the import content after commissioning of this Bawal plant, will it redo it?

Anmol Jain: So, the import content in terms of the LED lamp is approximately, still I would say 50% - 60% on the headlamp and about 30% on the tail lamp, this is primarily for the LED lamps and with the localization, I would say that probably about half of it should be able to get localized over the next couple of years.

Abhishek Jain: Sir my next question is relating with the capacity addition, so you have done capacity addition for the Gujarat plant, so what would be the incremental revenue from this?

Anmol Jain: So, the incremental revenue of Gujarat plant would come into play in FY23, approximately we are expecting about Rs. 200 crore incremental revenue from the Gujarat facility because of the investments made in last year.

Abhishek Jain: Okay, and if I talk about the total capacity and capacity utilization, what is the capacity utilization as per the quarter 4 numbers?

Anmol Jain: I would say, in general, the capacity utilization would be close to about 80%, certain plants it could be as even low as 70% but I do not see any plant which is operating less than 70% but 80% would be a good ball park to go with, in terms of the utilization of capacities as on quarter 4.

Abhishek Jain: Okay, sir last year most of the OEMs are guiding around 15% to 18 % growth on the passenger vehicle side, so are you looking further some Capex to increase your capacity to meet the demand?

Anmol Jain: So, we will be incurring some nominal Capex in FY23 as well, it would be definitely much lower than what we had incurred in FY22 because in FY22 there were certain extensions in the Gujarat facility. So, in FY23 there would be some Capex, nothing on a greenfield expansion but yes, there would be certain brownfield expansions and enhancements across the plants.

Deepak Jain: So, if I, one also come in here. So, let me put it for the outlook for this financial year, I think that would be relevant in this question. The industry probably we are expecting to grow somewhere between 10% to 15% for this financial year. For the current existing let us say, whatever revenue gets clocked, hence since we are doing all across the segments, so we should anyways get a 10% to 15% increment on the revenue however, because of certain new order launches and the investments what we have done in Sanand, they basically will start looking at as what Anmol said, as an incremental revenue of additional Rs. 200 crores, Rs. 250 crores, with that I think we would be clocking probably double of what industry average would look at. So, hence we are expecting a strong financial year in the coming year.

Abhishek Jain: So, we can expect around 18% to 20% growth in the passenger vehicle lighting side.

Deepak Jain: So, we are expecting maybe more than that as well for this financial year, our outlook would probably be an EBITDA of a double digit and probably a revenue growth of somewhere, probably as you said 18% and 20%, I probably would say 25% to 27%.

Abhishek Jain: And that PV growth was quite strong, around 48% in the last year and this year also, it is expected to be very strong. So, what is the outlook of, for FY23?

Deepak Jain: I am giving you all segments outlook factored in, within our revenue growth. I am talking about the revenue what we have done in the last financial year to this financial year.

Anmol Jain: Let me just clarify that, Abhishek. The revenue forecast for next year is probably going to be a shade better than the revenue growth we have clocked in FY22. Now that comprises of all segments and our wallet shares with each OEMs. Now we cannot forecast how much the passenger car is likely to grow and how much the two-wheeler is likely to grow. There are a lot of volatility and challenges which still lie ahead but despite based on our discussions and our schedules received and production plan received, we will be able to do a shade better than FY22 growth rate as a company.

Abhishek Jain: Okay sir, my last question is relating with this SL Lumax, so what is the outlook there and can you please provide us the revenue return PAT of SL Lumax?

Deepak Jain: I think SL Lumax remains to be one single entity, customer directed entity and as you see, I mean say we are expecting what the revenues of that Korean customer comes in, in terms of the growth, we will probably see a similar kind of a revenue growth with SL Lumax.

Abhishek Jain: And what is the number for revenue, EBITDA and PAT for FY22, sir?

Deepak Jain: We have not disclosed that yet, I mean say again, we would probably be talking about a double-digit growth.

Abhishek Jain: It is not the double-digit EBITDA in FY22.

Deepak Jain: I am talking about the revenue growth.

Moderator: Thank you. Our next question is from the line of Sanjay Shah with KSA Securities. Please go ahead.

Sanjay Shah: Yes, good afternoon gentlemen. thanks for the opportunity. So, appreciating your performance in this challenging circumstances. Deepak sir, my question was regarding our growth trajectory where we are moving, so can you highlight upon the rationale? How do you see these challenges on chip side, logistic issues, supply chain? When do you see this Automobile industry coming out of all these woes and when you see this normal growth trajectory comes back to our domestic market?

Deepak Jain: Good afternoon, Sanjay bhai, thank you for the question. I think see, you know these challenges of chip shortages, conflict, commodity prices, we are factoring all these already in, you know what I have not factored in, what is another surprise which comes afterward. I think if you look at it, the industry as I mentioned in my opening remarks, is poised for a very good growth and a bounce back. There will remain challenges, I will tell you the challenges what they are. Challenges would be probably; the inflation, probably would be the interest cost, could also be certain demand side escalations, based on which there could be supply side constraints. So, these will remain out, I think what we have to focus upon is, the industry is looking at a double-digit growth and as an ancillary, our focus would be to beat the industry growth and hence I mean say we, as Anmol also said, whatever last year performance had been a revenue and last year we have to see that the quarter 1 was pretty much muted. We will probably see again that in these next twelve months, with new launched products, with basically already investments in place, we should be able to ramp up better, much better than what the industry growth average is . And if we are able to do that, we would also be able to offset some of our more fixed cost and basically have an incremental, I would say, margin expansion as well to come back to a good double digit. So, that is I think what our outlook is, for this financial year.

Sanjay Shah: Right sir and we have been learning about the industry, especially Maruti is coming up with a great Capex announcement of a new project, plus we are even looking at our portion of LED may go up from hereon, which we have been desiring and the new AFH functionality and MATRIX headlight and all. So, do you think, that we at a stage now, we have to start thinking of expanding or having a new strategy of growth after two years from now, or maybe three years from now?

Deepak Jain: So, long term strategy remains similar, I think we had already made an investment commitment for electronic facility, which is ordering well with the localization plans as well as localization competency. Whatever the new technology lamps you talked about; ADB, AFC, I think the fundamental thing is, they have more LED input in it, there is more electronics in any of the new lighting technology. I must also say that we have opened up our Czech office, which is a European office and we are also and the main reason is, we are expanding the competence and capacity of our engineering strength. So, I think there will be a lot of new RFQs coming in, more complex RSQs coming in, into the company and to handle that I think we are now building up the capacity and the competence on the engineering capability, you know, about five years ago or six years ago, we had basically opened a Taiwan design center and that was mainly for the project management on the imports of tooling. I think that has ordered well, we have been able to come and the next step we have already taken, is to expand in basically the European design center. So, I think these two strategies remain and localization strategy on competence and capacity on electronics will remain in the company so that we are able to maximize the potential RSQs which comes through.

Vineet Sahni: Yes, so Vineet this side. Just to add on, I think all the related competencies that are required for the new technology that you have mentioned, for example, ADB, MATRIX that is today in-house in our European office as just explained. So, the company has been proactive in creating these resources to address the changing need of the technology in the market condition.

Sanjay Shah: Yes sir, very helpful, thank you very much for explaining and good luck to you.

Moderator: Thank you. Our next question is from the line of Ankit Agarwal, an investor. Please go ahead.

Ankit Agarwal: Thanks for the opportunity. Maybe this has been covered in the earlier calls and you know, I recently started tracking the company. So, sir for the lighting division, how do you define what part of the business goes to Lumax Auto Technologies versus in Lumax Industries because there seems to be a 30%, 40% contribution of lighting even in that business. So, are there certain customers which are demonstrated or is it basic orders and capabilities?

Deepak Jain: So, I will answer that. I think this has question come in and we have been already clarifying. I think Lumax Industries, this company does all basically the OEM lighting business except for one account, which is Bajaj Auto. Bajaj Auto account is catered by the other Group company, which is Lumax Auto Technologies and the aftermarket of lighting is serviced by Lumax Auto Technologies. A Lumax Industries does not directly do in lighting into the aftermarket however, it does support Lumax Auto Technologies on certain of the aftermarket product lines where we do not have any contract with our OEM customers and this will continue to go on as it is. Other than that, all lighting products, lighting customers, lighting opportunities are captured in Lumax Industries.

Ankit Agarwal: Makes sense and for this, in Lumax Auto Technologies you have added and expanded quite a few lines over the last several years and that company is doing very well. So, is there a plan to add more lines within Lumax Industries?

Deepak Jain: Lumax Industries remains as a single product line with our single partner, which is Stanley Electric. As we have just mentioned in the call, there is a product line called HVAC panel systems that is produced by Stanley, we will be doing that in FY24 going forward and some electronic components which Stanley does, so Lumax Industries remains as a major lighting product manufacturer with alliance with Stanley promoted equity as well.

Ankit Agarwal: And on the lighting side sir, how much market share will we have in the OEM lighting industry, as on we have get a market breather but how much market share would we have and who would be the key competitors and what would be their market share?

Deepak Jain: So, first basically, Lumax Industries also has an associated company, which is SL Lumax, which caters to the Koreans. Lumax Industries caters to all other segments and the non-Koreans, which are basically the Kia and the Hyundai is done with that. If I accumulate that lighting business then we almost have about close to 65% to 70% market share within the country.

Ankit Agarwal: If you exclude the Korean business and then you have about …

Deepak Jain: Then it would come to round about 50%.

Ankit Agarwal: So, 50% without the Korean and 65%, 70% with the Koreans.

Deepak Jain: Yes, because if you see the market structure, I mean say, almost 45% is Maruti Suzuki and the balance basically 20% is Koreans, 10% is TATA and we actually cater to almost all segments, of course, and is a not a 100% on all the other customers.

Ankit Agarwal: Understood but within these accounts also, you will have a disproportionate wallet share, so all the lighting purchased by OEMs in the country, you are saying, it is 100 bucks of lighting is bought by OEMs in the country, 70 bucks is sold by Lumax through all of these

Deepak Jain: Through with, yes with SL Lumax, absolutely.

Ankit Agarwal: Understand and one last question sir. You mentioned that for the coming year, industry forecast of growth is about 10% to 15% and you say you can grow at about 20%, 25%. Are there specific drivers for the market shares given, given you are already at a pretty high market share?

Deepak Jain: Yes as I said, I mean so there is again two platforms which we have got for two customers will actually drive that growth, the company had already invested in our facility in Sanand and those two customers will drive the additional growth apart from the nominal 10% to 15% growth which anyways we will be getting as per the industry growth. So, because of that, we are expecting a 25% to 30% growth.

Ankit Agarwal: Got it and from the current capacity that we have, what will be our revenue potential at full utilization and have you, is 100% utilization possible in this industry and what sort of revenue can you attain in the current capacity that exist?

Anmol Jain: So, I cannot give you an exact number like that because it is more complicated in that, you know, if you are talking about capacity utilization in terms of numbers, then it is hugely differing from a two-wheeler lighting to a four-wheeler lighting and there are certain plants which cater to both. Also based on that technology levels in each land, for the revenue per land, for the revenue per vehicle can be hugely different to the tune of 2x or 3x, LED versus non-LED, etc. So, it is very difficult for me to give you a number of revenue in terms of that what we can do in terms of full capacity utilization but I think as I mentioned earlier, 80% is probably the ball park capacity utilization as of end of quarter 4 and you can see the revenue of quarter 4 as standalone quarter and if you were to pro-rata it for an annualized basis, I would say give or take, that would be the broadly number which we should be able to attain with some improvements to a 90% capacity utilization. As a thumb rule, we always start putting investments towards capacity expansion, the minute we reach at threshold of about 85%. With the 10% - 15% capacity, we always keep as a buffer for spare parts or other urgent one-off requirements.

Ankit Agarwal: Understand. So, what you are saying is Rs. 550 crores of the revenue in Q4 and that was at 80% utilization, so broadly Rs. 2200 crore if I annualize it and adjust for 80%, about Rs. 2600 crore ball park can be done with the current capacity?

Anmol Jain: No, that is not what I am saying. Please take out this tooling from Rs. 550 crores, tooling has nothing to do with my capacity utilizations, Rs. 488 crore is my manufacturing revenue in quarter 4 and if you were to pro-rata that, it would broadly be less than Rs. 2000 crore, give or take Rs. 1900 crore something, which is what I am saying that at our 80% - 85% capacity utilization that should be my revenue. So, if I am looking at a 20% - 25% incremental growth next year, obviously if we do the math, it should be crossing Rs. 2000-2100 crore and for that, there would be some brownfield minimal expansions or capacity enhancements or CAPEX which will go in FY23.

Ankit Agarwal: Understand, got it. And one last question if I may, how do you think about volume growth versus value growth because obviously the volumes in India for passenger vehicles are almost 20% below FY19 level but still the company's revenues are not at FY19 levels but around a percent lower, so is there a lot of inflation happening in lighting and what is the right thumb rule that one can take that inflation for the coming year and for the years after?

Anmol Jain: So, answering to that question I think, someone mentioned that if passenger car is expected to grow at about 10% - 15% in the coming year and these are all volume numbers, the two-wheeler is probably going to grow in single digit as far as the industry goes, so cumulatively then the industry will probably be just little less than 10%, that is the forecast which we are getting on FY23, but if I am growing as a company, my revenue at let us say 20% - 25% then clearly the delta difference is not just coming out of volumes but also significant part is coming out of the technology and the realization per vehicle or per land. So, I would say that give or take 50% - 60% of the growth would be driven by volumes and about close to maybe 30% - 40% would be driven by the technology shift.

Ankit Agarwal: So, you are saying up to 25% - 30%, let us say about 12% - 15% is the volume and the balance 10% - 12% is coming from realization per land or realization per vehicle?

Anmol Jain: Yes.

Ankit Agarwal: Understand and has that been the trend historically as well about 10% odd realizations going up year on year?

Anmol Jain: I would say it would be probably lesser, technology would be lesser it would be more volume driven I would say that but this year because of certain technological shifts and winning certain new platforms which are on the higher technology, there contribution of technology would be a shade better than the previous years.

Moderator: Thank you. Our next question is from the line of Sunil Kothari with Unique Investments. Please go ahead.

Sunil Kothari: Congratulations for really good numbers during at least last quarter and this year also is very challenging but we have done really well. Sir my question is, just listening to the reply to our revenue capability which we, what you are saying maybe around Rs. 2000 odd crore or Rs. 2100 crore or something like that, during 2017 - 2018, I think our LED in financial year 17-18, LED contribution was roughly 15% - 18% and now it is 33%, which you likely say always that LED pricing is always 2x or 3x, we have invested almost Rs. 600 crores during these last 5 years, combined CAPEX and we were doing roughly Rs. 1650 crore during that time, now Rs. 1750 crore revenue, so this incremental investment will not add a substantial revenue capability with 2x, 3x pricing of LED, I am a little bit not able to understand this investments outcome, if you can please explain?

Anmol Jain: Yes. So, I will just take that question. Number 1, if you look at our highest revenue, it was in 2018 - 2019 at about Rs. 1850 crore, if you look at 2017 - 2018, 2018 - 2019 the LED penetration was about 25% and about 75% was non-LED, which today has gone up by about close to give or take 30% and come to 33% of LED, so LED in organically has grown up by almost 30% compared to that pace. The investments over the last give or take 4 years, has been close to approximately Rs. 400 crore odd which the organization has done and as I said a bulk of these investment also went into the electronics which did not add the revenue, please understand that.

So, a significant portion of the Rs. 400 crores went into the electronics plant which was adding to the margins but it did not add anything to the revenue. So, if I take that piece out, you are looking at a better sale to gross block ratio, my sales to gross block ratio is about 1:1.5 and if you take out the electronic investment out of the Rs. 400 crores, you are looking at almost close to about 1.8 or so in terms of sales to gross block. So, my request would be, so if you are taking out the electronics plant investment and then seeing the gross block expansion, vis-à-vis the revenue expansion, you will probably see that we have done a better sales gross block ratio than the previous years.

Vineet Sahni: Also, to add on, certain investment done in the past would fructify in this year as already explained for, especially for the two models for the two major customers, where the start of production has happened now in this month. The investments have been made in the previous financial years.

Sunil Kothari: Right. Sir do we have any objective towards these respectable ROCE which we were achieving during 2017 - 2018, 2018 - 2019 around 30% - 32%, maybe during next 2-3 years can we cross those numbers or you do not like to comment on that?

Anmol Jain: No, so the ROCE level as a group, as a strategy usually we are targeting a 25% ROCE give or take, yes, we did have a 30% - 32% ROCE in 2017 - 2018 or 2018 - 2019 but our endeavor would be to get to a 25%+ growth and I am hopeful that in the current year we should be able to attain that.

Sunil Kothari: Great sir. And my last question is to Mr. Deepak, sir our organization enterprise value with equity around Rs. 1000 crore and Rs. 300 crore debt, combined is Rs. 1300 crore, how do you look at this valuation which is given by equity investors jury, what is your thought process, I understand you should not comment on the stock prices but are you happy or okay, you feel there is some mispricing of our equity valuation, looking at our manufacturing capability, our revenue capability. The way we are talking about improving margins, would you like to comment or do you see any internal effort to improve this type of mispricing of our organization?

Deepak Jain: Well, I think I rely on friends like you to have some aspiring chats about that however, I think our fundamentals are driven not by stock market but our fundamentals are always driven by customer, we strongly believe that as long as we are servicing customer needs and providing value to them, we will have good revenue and profitability outcome which would eventually reflect in value creation for all our shareholders. Of course, with the organization policies.

Sunil Kothari: Sure sir. I would be happy to give some feedback with offline maybe with Mr. Sanjay.

Moderator: Thank you. Our next question is from the line of Ria Verma with Oracle Securities. Please go ahead.

Ria Verma: Sir firstly, I wanted to ask what is the proportion of orderbook from PV, in our total orderbook which is Rs. 800 crores?

Anmol Jain: It would be about close to 40% or so.

Ria Verma: And sir if you could throw some light on our product portfolio from our new facility at Bawal and is there any anchor customers for it or will be in cross selling amongst our existing customers and increasing our wallet share?

Anmol Jain: So, when you are talking about Bawal, are you talking about the electronic facility?

Ria Verma: Yes.

Anmol Jain: The electronic facility is actually more like a backward integration to the lightings. The end customers for the electronic facility are largely dependent on the orderbook of the lighting. So, whichever orders we are servicing on the lighting aspects, are the same customers and the same models which, whose electronic parts will be manufactured in the Bawal electronic facility, so there is no sales to the OEMs from that facility. It is more of an internal facility as a backward integration strategy.

Moderator: Thank you. Ladies and gentlemen that was the last question for the day. I would now like to hand the conference over to Mr. Deepak Jain for closing comments.

Deepak Jain: I would like to thank everyone for joining on the call and would like to say that we remain confident on the growing prospects of India and the automotive sector. I hope that we have been able to respond to all your queries adequately and for any further information, I request you to kindly get in touch with SGA, our Investor Relation Advisors. Thank you very much and have a good afternoon.

Moderator: Thank you. On behalf of Lumax Industries Limited. I conclude this conference call. Thank you for joining us and you may now disconnect your line.