

## Lumax Auto Technologies Limited

February 17, 2025 | CMP: INR 533 | Target Price: INR 851

BUY

Expected Share Price Return: 59.7% | Dividend Yield: 1.0% | Expected Total Return: 60.7%

Change in Estimates	✓
Change in Target Price	✓
Change in Recommendation	✓

<b>Company Info</b>	
BB Code	LMAX IN EQUITY
Face Value (INR)	2.0
52 W High/Low (INR)	685/400
Mkt Cap (Bn)	INR 36.4/ \$0.4
Shares o/s (Mn)	68.2
3M Avg. Daily Volume	1,56,412

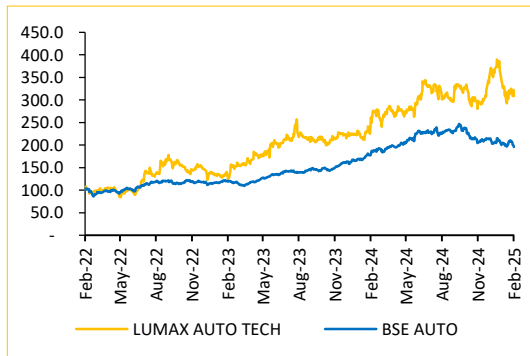
<b>Change in CEBPL Estimates</b>						
	FY26E			FY27E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	40.0	37.0	8.1	47.1	44.4	6.2
EBITDA	5.1	4.7	8.1	6.2	5.6	10.7
EBITDAM %	12.9	12.8	0.6bps	13.2	12.6	53.0bps
PAT	2.2	1.7	25.2	2.9	2.1	34.9
EPS	31.7	25.3	25.2	42.5	31.5	34.9

<b>Actual vs Consensus</b>			
INR Bn	Q3FY25A	Consensus	Dev. %
Revenue	9,056	8,814	2.7
EBITDA	1,179	1,142	3.2
EBITDAM %	13.0	13.0	6.2bps
PAT	448	478	(6.3)

<b>Key Financials</b>					
INR Bn	FY23	FY24	FY25E	FY26E	FY27E
Revenue	18.5	28.2	34.0	40.0	47.1
YoY (%)	22.5	52.7	20.5	17.5	17.9
EBITDA	2.0	3.7	4.2	5.1	6.2
EBITDAM %	10.8	13.0	12.3	12.9	13.2
Adj PAT	1.0	1.3	1.5	2.2	2.9
EPS	14.9	19.1	22.7	31.7	42.5
ROE %	11.7	14.5	15	14.8	16.3
ROE%	16.9	21.1	21.2	23.9	24.7
ROCE %	11.9	15.2	15.3	18.7	20.8
PE(x)	35.7	27.9	23.5	16.8	12.5
EV/EBITDA	20.2	11.6	10.1	7.9	6.5

<b>Shareholding Pattern (%)</b>			
	Dec-24	Sep-24	Jun-24
Promoters	55.98	55.98	55.98
FIs	5.91	5.74	6.93
DIs	16.09	16.17	15.85
Public	22.02	22.11	21.24

<b>Relative Performance (%)</b>			
YTD	3Y	2Y	1Y
BSE Auto	95.8	63.8	8.7
LMAX	209.1	146.8	18.4



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## LMAX Revenue &amp; EBITDA Slightly Above Estimates, PAT Misses Expectations

- Revenue for Q3FY25 was at INR 9,056Mn up 23.6% YoY and 7.5% QoQ (vs Consensus est. at INR 8,814Mn).
- EBITDA for Q3FY25 was at INR 1,179Mn, up 11.3% YoY and 15.3% QoQ (vs Consensus est. at INR 1,142Mn). EBITDA margin was down 144bps YoY and up 88bps QoQ to 13.0% (vs Consensus est. at 13.0%).
- PAT for Q3FY25 was at INR 448Mn, up 23.0% YoY and 4.6% QoQ (vs Consensus est. at INR 478Mn).

**Margin Outlook: Stabilization at 13.2% Amid Business Mix Shift:** LMAX has demonstrated strong margin resilience, with consolidated EBITDA margins reaching 13% in Q3FY25 and a target of 15% for FY26. Standalone margins hit a 14-quarter high of 10%, supported by cost pass-through mechanisms with OEMs, higher-margin contributions from joint ventures, and a recovery in the aftermarket segment. The Green Energy Solutions segment further enhances profitability with 17-19% margins. However, we anticipate margins to stabilize at 13.2% levels due to the increasing revenue contribution from the lower-margin Lumax Ancillary business and the ramp-up of new product lines.

**Strong Growth Trajectory Driven by Lumax's JVs:** LMAX is positioned for strong growth, with IA India reporting a 20% YoY revenue increase to INR 800 crore in 9MFY25, supported by a INR 500 crore order book and a 15%+ growth outlook driven by new EV launches and its strong partnership with Mahindra & Mahindra. The implementation of OBD2 norms is expected to add INR 60-70 crore in revenue for Lumax FAE through increased demand for secondary oxygen sensors, raising capacity utilization from 10% to 45% and increasing content per vehicle by INR 800. The mechatronics segment grew 75% and is expected to double next year, backed by strong JV contributions and a INR 3200Mn order book, with a potential INR 100 crore addition.

**View and Valuation:** We have upgraded LATL to 'BUY' with a revised target price of INR 851, valuing it at (20x FY27E EPS), after increasing our FY26/27 EPS estimates by 25.2%/34.9%. Growth will be driven by the scale-up of IAC India and GreenFuel Mobility acquisitions, along with ramp-up in JVs. Strong business ties with leading OEMs such as M&M, Maruti Suzuki, Tata Motors, Bajaj Auto, and HMSI position LATL to outperform industry growth over FY24-27E.

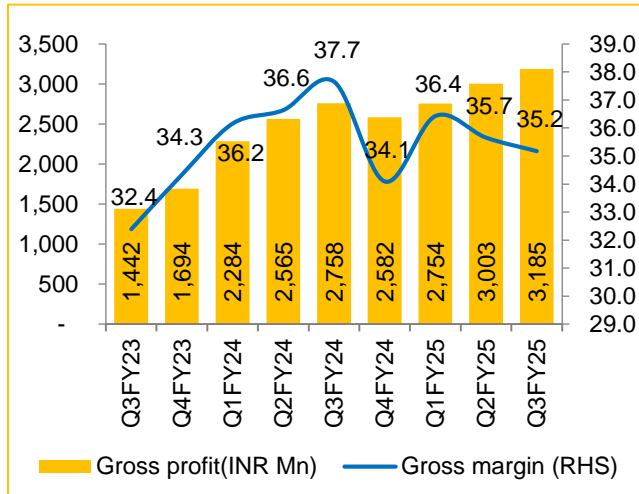
Lumax Auto Tech Ltd	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)
Net Sales	9,056	7,325	23.6	8,423	7.5
Material Expenses	5,871	4,567	28.6	5,419	8.3
Employee Expenses	1,201	939	27.9	1,139	5.4
Other Opex Expenses	805	760	5.9	842	(4.3)
EBITDA	1,179	1,059	11.3	1,022	15.3
Depreciation	327	298	9.7	293	11.8
EBIT	852	761	11.9	730	16.8
Interest Cost	198	176	13.0	185	7.0
PBT	743	685	8.4	698	6.4
RPAT	560	480	16.9	518	8.2
Minority Interest	112	115	(2.7)	89	25.5
Adj EPS	6.6	5.3	23.0	6.3	4.6

Lumax Auto Tech Ltd	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)
Gross Margin (%)	35.2	37.7	(248)	35.7	(48)
Emp exp. % of Sales	13.3	12.8	45	13.5	(26)
Other Op. Exp % of Sales	8.9	10.4	(148)	10.0	(110)
EBITDA Margin (%)	13.0	14.5	(144)	12.1	88
APAT Margin (%)	6.2	6.5	(36)	6.2	4

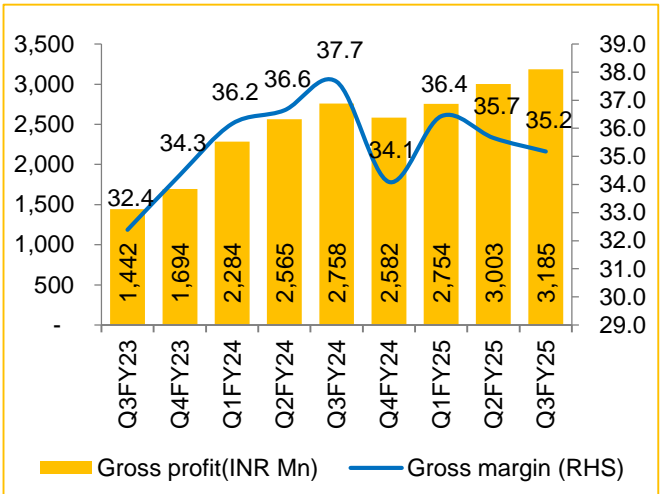
## Management Call - Highlights

- **Order Book and Business Pipeline:** LATL's order book stands at INR 1,350 crores, with 90% from new business, ensuring sustained revenue visibility over the next three years.
  - **Green Fuel Integration Synergies:** The consolidation of Green Fuel Energy Solutions is expected to generate significant synergies, leveraging LATL's existing distribution network and OEM partnerships.
  - **Passenger Vehicle Market Share Gain:** The share of the passenger vehicle segment increased to 50% in 9M FY25 from 47% last year, reflecting a strategic focus on high-growth categories.
  - **Strong Aftermarket Outlook:** Management expects the aftermarket segment to grow in double digits, driven by export opportunities and product portfolio expansion over the next three years.
  - **Profitability and Margin Focus:** EBITDA margins are expected to improve towards 13%-15% at the consolidated level by FY26, supported by operating leverage and a higher contribution from premium product categories.
  - **Product Innovation and New Initiatives:** LATL is investing in rotomolding technology for electric three-wheeler rooftops and body cabins, with a major SOP launch scheduled in the next two months.
  - **Debt:** Long-term debt is at INR 462, which has increased due to acquisition debt for Green Fuel Energy's purchase consideration. The long-term debt-equity ratio stands at 0.53
  - **Content per Vehicle Projections:**
    - Passenger vehicles currently average Rs.4,000 attributed to CNG, expected to rise to Rs.8,000 - Rs.10,000 per vehicle in the coming years.
    - For two-wheelers, current content value is Rs.16,000 - Rs.18,000, with an anticipated increase of Rs.800-Rs.1,000 due to OBD-II norms.
- Management highlighted that LATL continues to outpace industry growth, benefiting from strong OEM relationships and a diversified product portfolio..
  - The company is targeting to increase its market share in high-potential regions, both in India and export countries, by leveraging its understanding of local market dynamics.

**Revenue jumped by 23.6% on YoY basis**



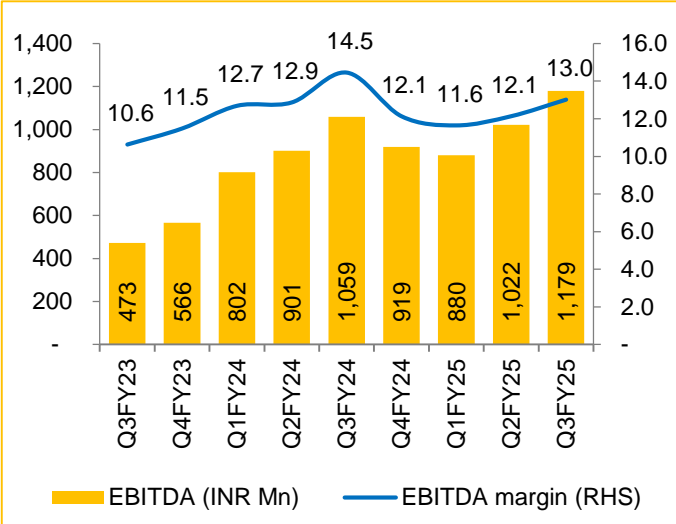
**Gross Profit jumped by 15.5% YoY basis**



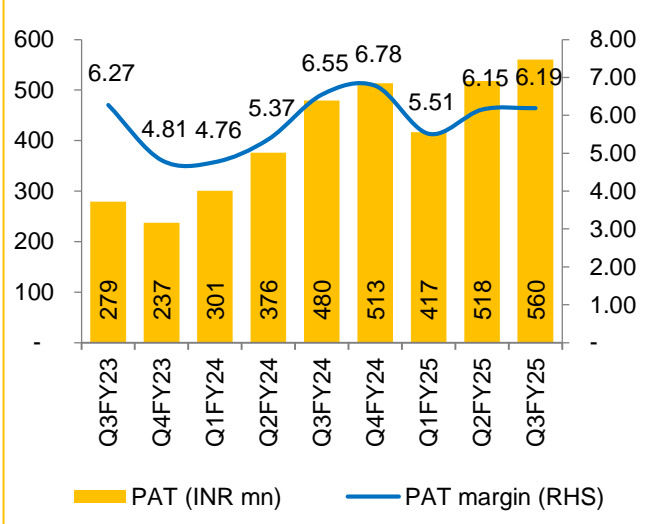
Source: Company, CEBPL

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**EBITDAM improved by 88bps on QoQ basis**



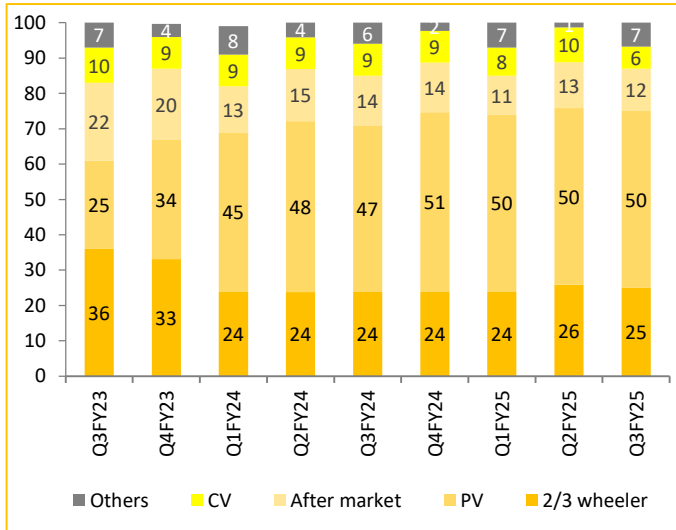
**PAT jumped by 16.9% YoY basis**



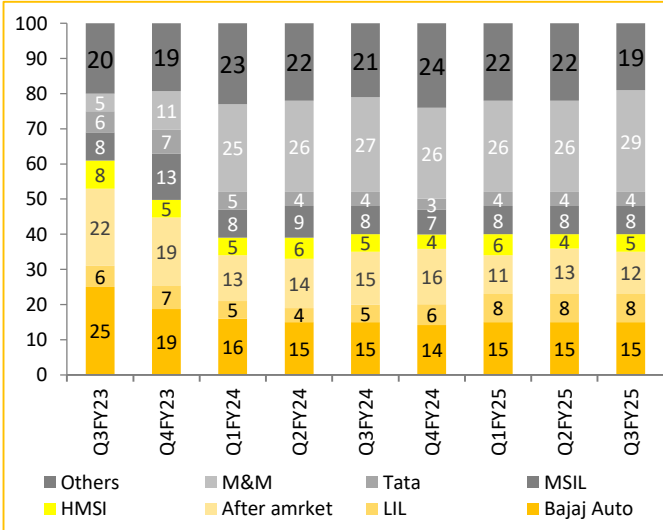
Source: Company, CEBPL

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**Industry Mix (%), PV with highest share**



**Client Mix (%), M&M share continue to rise**

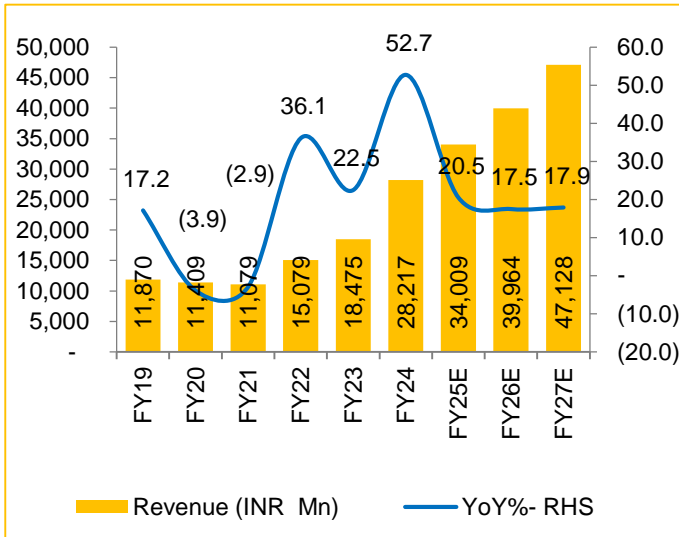


Source: Company, CEBPL

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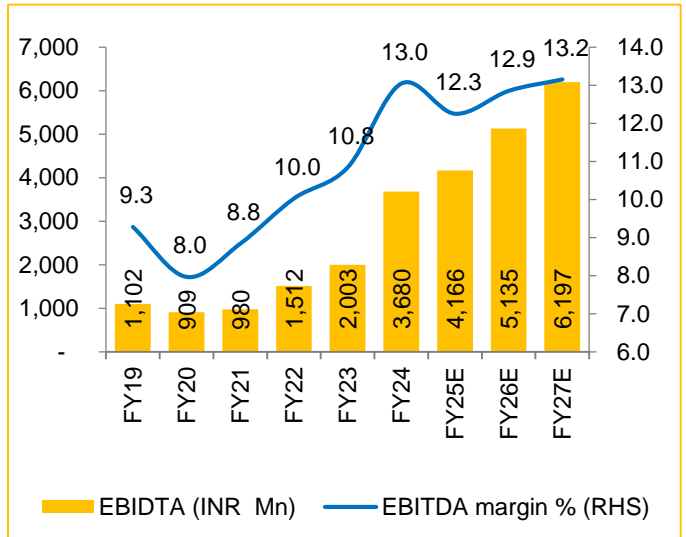
\*All figures are in INRMn

Revenue expected to grow at 18.6% CAGR FY24-27



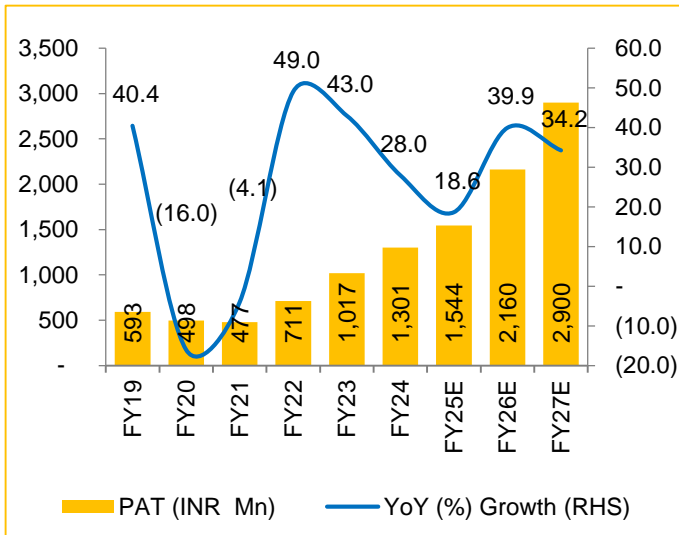
Source: Company, CEBPL

EBITDA to grow at 19.0% CAGR over FY24-27E



Source: Company, CEBPL

PAT to grow at 30.6% CAGR over FY24-27E



Source: Company, CEBPL

\*All figures are in INR Million

## Income Statement

Particular (INR Mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	18,475	28,217	34,009	39,964	47,128
Gross profit	6,064	10,190	12,090	14,087	16,613
EBITDA	2,003	3,680	4,166	5,135	6,197
Depreciation	523	1,180	1,283	1,419	1,581
EBIT	1,480	2,500	2,883	3,716	4,617
Other Income	239	450	544	639	754
Interest Expense	163	684	771	764	784
EO Items	(88)	-	-	-	-
PBT	1,468	2,267	2,656	3,592	4,587
Reported PAT	1,115	1,669	1,952	2,640	3,371
Adjusted PAT	1,017	1,301	1,544	2,160	2,900
EPS	14.9	19.1	22.7	31.7	42.5
NOPAT	1,115	1,669	1,952	2,640	3,371

Source: Company, CEBPL

## Balance Sheet

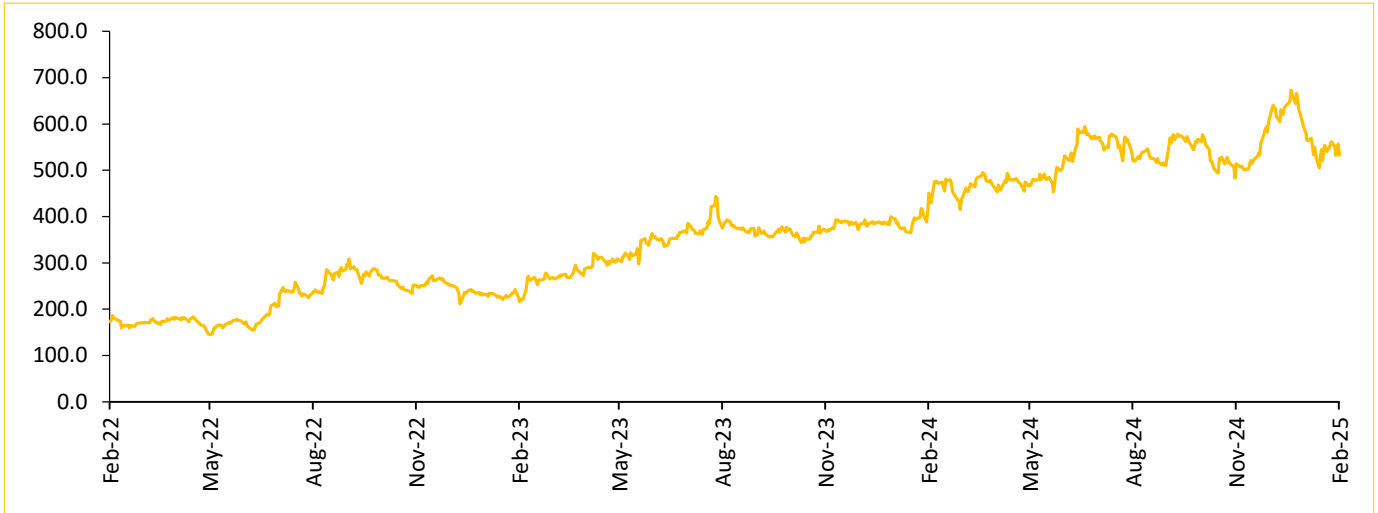
Particular (INR Mn)	FY23	FY24	FY25E	FY26E	FY27E
Net worth	6,616	7,896	9,201	11,042	13,623
Minority Interest	1,871	2,237	2,645	3,124	3,595
Deferred Tax	793	278	340	400	471
Total Debt	5,692	6,990	8,118	8,213	8,429
Other Liabilities & Provisions	1,063	1,256	1,360	1,599	1,791
<b>Total Net Worth &amp; liabilities</b>	<b>16,034</b>	<b>18,657</b>	<b>21,663</b>	<b>24,378</b>	<b>27,910</b>
Net Fixed Assets	10,159	9,909	10,026	10,407	10,826
Capital Work in Progress	129	358	203	230	264
Investments	2,134	4,287	4,381	5,098	6,763
Cash & Bank Balance	1,568	751	2,434	3,734	4,363
Loans & Advances & Other Assets	541	755	850	999	1,131
Net Current Assets	1,505	2,596	3,769	3,910	4,563
<b>Total Assets</b>	<b>16,034</b>	<b>18,657</b>	<b>21,663</b>	<b>24,378</b>	<b>27,910</b>
Capital Employed	12,308	14,887	17,318	19,255	22,053
Invested Capital	10,611	13,777	14,681	15,291	17,426
Net Debt	4,124	6,239	5,683	4,479	4,067
FCFF	537	1,493	1,576	2,843	15,298

Source: Company, CEBPL

Cash Flows (INR Mn)	FY23	FY24	FY25E	FY26E	FY27E
CFO	1,372	2,654	2,821	4,670	5,069
Capex	(835)	(1,161)	(1,244)	(1,827)	10,229
FCF	537	1,493	1,576	2,843	15,298
CFI	(4,758)	(2,492)	(1,433)	(2,693)	(3,831)
CFF	3,648	(398)	283	(690)	(623)
Ratio Analysis	FY23	FY24	FY25E	FY26E	FY27E
<b>Growth Ratios (%)</b>					
Revenue	22.5	52.7	20.5	17.5	17.9
EBITDA	32.5	83.7	13.2	23.3	20.7
PAT	35.3	49.7	16.9	35.2	27.7
<b>Margin Ratios (%)</b>					
Revenue	32.8	36.1	35.6	35.3	35.3
EBITDA	10.8	13.0	12.3	12.9	13.2
PAT	6.0	5.9	5.7	6.6	7.2
<b>Performance Ratios (%)</b>					
OCF/EBITDA (X)	0.7	0.7	0.7	0.9	0.8
OCF/IC	12.9	19.3	19.2	30.5	29.1
ROE	16.9	21.1	21.2	23.9	24.7
ROCE	11.9	15.2	15.3	18.7	20.8
<b>Turnover Ratios (Days)</b>					
Inventory	32	32	31	30	30
Debtor	91	76	75	75	74
Payables	110	92	81	84	83
Cash Conversion Cycle	30	34	40	36	35
<b>Financial Stability Ratios (x)</b>					
Net Debt to Equity	0.6	0.8	0.6	0.4	0.3
Net Debt to EBITDA	2.1	1.7	1.4	0.9	0.7
Interest Cover	9.0	3.3	3.4	4.7	5.9
<b>Valuation Metrics</b>					
Fully Diluted Shares (Mn)	68.2	68.2	68.2	68.2	68.2
Price (INR)	533	533	533	533	533
Market Cap(INRMn)	36,328	36,328	36,328	36,328	36,328
PE(x)	35.7	27.9	23.5	16.8	12.5
EV (INRMn)	40,452	42,567	42,011	40,807	40,395
EV/EBITDA (x)	20.2	11.6	10.1	7.9	6.5
Book value (Rs/share)	97.1	115.9	135.0	162.0	199.9
Price to BV (x)	5.5	4.6	3.9	3.3	2.7
EV/OCF (x)	29.5	16.0	14.9	8.7	8.0

Source: Company, CEBPL

## Historical Price Chart: Lumax Auto Technologies Limited



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BUY	The security is expected to generate upside of 15% or more over the next 12 months
HOLD	The security is expected to show upside or downside returns by 14% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months

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