

Lumax Industries Ltd.

February 14, 2025 | CMP: INR 2,317 | Target Price: INR 3,260

BUY

Expected Share Price Return: 40.7% | Dividend Yield: 1.5% | Expected Total Return: 42.2%

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

Company Info	
BB Code	LUMX IN EQUITY
Face Value (INR)	10.0
52 W High/Low (INR)	3045/2006
Mkt Cap (Bn)	INR 21.7 / \$0.2
Shares o/s (Mn)	9.3
3M Avg. Daily Volume	5,853

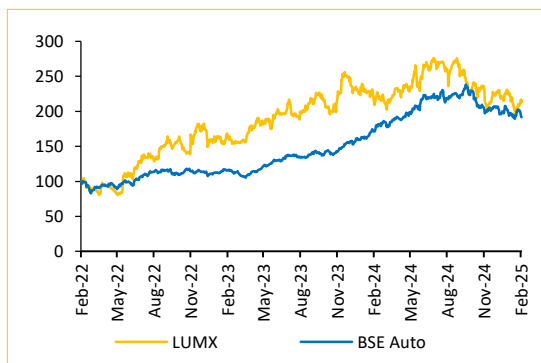
Change in CEBPL Estimates						
	FY26E			FY27E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	38.7	37.3	3.6	43.9	43.7	0.5
EBITDA	3.0	2.9	5.0	3.6	3.5	0.5
EBITDAM %	7.8	7.7	10 bps	8.1	8.1	0 bps
PAT	1.7	1.6	1.9	2.0	2.2	(6.2)
EPS (INR)	178.0	174.8	1.9	217.3	231.7	(6.2)

Actual vs Consensus			
INR Bn	Q3FY25A	Consensus Est.	Dev. %
Revenue	8.87	7.88	12.6
EBITDA	0.70	0.62	13.3
EBITDAM %	7.88	7.83	5 bps
PAT	0.33	0.27	22.0

Key Financials					
INR Bn	FY23	FY24	FY25E	FY26E	FY27E
Revenue	23.2	26.4	33.3	38.7	43.9
YoY (%)	32.4	13.7	26.4	16.1	13.5
EBITDA	2.1	2.3	2.5	3.0	3.6
EBITDAM %	8.9	8.7	7.4	7.8	8.1
Adj PAT	1.1	1.1	1.3	1.7	2.0
EPS (INR)	121.9	118.8	136.2	178.0	217.3
ROE %	19.5	16.5	16.9	19.4	20.5
ROCE %	12.6	9.9	8.4	10.0	11.2
PE(x)	19.0	19.5	17.0	13.0	10.7
EV/EBITDA	12.5	12.3	11.9	9.8	8.2

Shareholding Pattern (%)			
	Dec-24	Sep-24	Jun-24
Promoters	75.00	75.00	75.00
FIIs	0.92	1.18	1.17
DII's	4.94	3.56	1.57
Public	19.14	20.26	22.26

Relative Performance (%)			
YTD	3Y	2Y	1Y
BSE Auto	91.5	65.6	11.8
LUMX	115.4	33.5	3.2



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LUMX beats street expectations on all fronts, LED and Passenger Vehicle Segments to drive future growth

- Revenue for Q3FY25 was at INR 8,871 Mn, up 40.4% YoY and up 8.7% QoQ (vs CEBPL est. at INR 8,199 Mn).
- EBITDA for Q3FY25 was at INR 699 Mn, up 20.1% YoY and up 14.1% QoQ (vs CEBPL est. at INR 607 Mn). EBITDA margin was down 134 bps YoY and up 37 bps QoQ at 7.9% (vs CEBPL est. at 7.4%).
- PAT for Q3FY25 was at INR 335 Mn, up 30.9% YoY and up 18.4% QoQ (vs CEBPL est. at INR 294 Mn).

LUMX to mitigate Margin Pressure through operating leverage and localization efforts: LUMX saw a slight dip in EBITDA margin during the quarter. While improved operating leverage from higher utilization at the Chakan plant Phase-2 (70% in Q3FY25 vs 50% in Q2FY25) helped, it was offset by a 50-60 basis point cost increase from anti-dumping duties on PCB imports and rising raw material prices. The company plans to pass these increased raw material costs onto customers with a 3-6 month lag and intends to localize a significant portion of its imported PCBs in FY26 to mitigate the duty impact. We expect EBITDA margin to improve starting FY26, driven by operating leverage and localization efforts.

Impressive Growth in LED Lighting & Strong PV Order Book: As of Q3FY25, the company's order book stands at INR 26,000 Mn, with the passenger vehicle segment contributing 78%. During the quarter, LUMX launched lighting systems for Mahindra, Maruti Suzuki, and Tata Motors. The LED segment made up 86% of the order book and accounted for 52% of revenue in 9MFY25, up from 36% in the same period last year. We expect the LED share to reach 60% in FY26 and believe higher LED penetration and increase in the PV segment will drive future growth, as these areas have higher content value per vehicle.

View and Valuation: We revise our FY26/27 EPS estimates by 1.9%/(6.2)% and roll over our forecasts forward to come up with a revised target price of INR 3,260; valuing the company at 15x (unchanged) on FY27E EPS while maintaining our 'BUY' rating. We retain our positive view on LUMX driven by its strong relationship with the majority of the OEMs, new model additions in the PV segment and increasing share of LED.

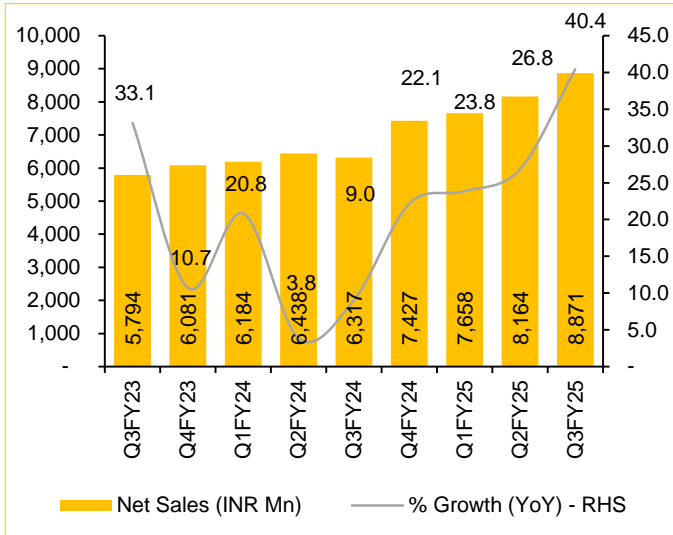
Lumax Industries Ltd.	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)
Net Sales	8,871	6,317	40.4	8,164	8.7
Material Expenses	6,148	4,019	53.0	5,513	11.5
Employee Expenses	877	842	4.2	968	(9.4)
Other Operating Expenses	1,146	873	31.2	1,070	7.2
EBITDA	699	582	20.1	613	14.1
Depreciation	271	235	15.2	265	2.5
EBIT	428	347	23.4	348	22.9
Interest Cost	194	128	51.2	191	1.5
PBT	170	117	45.1	199	(14.5)
RPAT	335	256	30.9	283	18.4
APAT	335	256	30.9	283	18.4
Adj EPS (INR)	35.8	27.4	30.9	30.3	18.4

Margin Analysis	Q3FY25	Q3FY24	YoY (bps)	Q2FY25	QoQ (bps)
Material Exp. % of Sales	69.3	63.6	568	67.5	178
Employee Exp. % of Sales	9.9	13.3	(344)	11.9	(197)
Other Op. Exp % of Sales	12.9	13.8	(90)	13.1	(18)
EBITDA Margin (%)	7.9	9.2	(134)	7.5	37
Tax Rate (%)	19.4	27.2	(773)	22.8	(337)
APAT Margin (%)	3.8	4.0	(28)	3.5	31

Management Call - Highlights

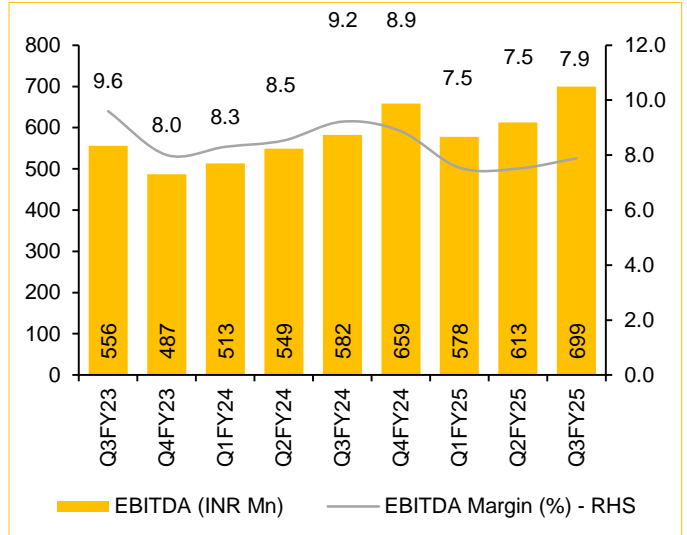
- During the quarter LUMX successfully launched lighting systems for various customers including Mahindra(BE6 and XEV9), Maruti Suzuki(new D'ZIRE), and Tata Motors(Tiago and Tigor).
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 - Lumax has regained its revenue share from Maruti Suzuki with orders for most of its upcoming models and has increased its market share with M&M and Tata.
 - Capex for 9MFY25 stands at INR 1600 Mn, and for the full year, the company expects capex to be around INR 2000 to 2250 Mn.
 - Capex is expected to be lower in FY26 compared to FY25 due to capacity enhancements in the current year.
 - The anti-dumping duty imposed on PCB resulted in a 50-60 basis point increase in cost. Also, the upward trend in prices of certain essential raw materials impacted the overall cost structure.
 - LED lighting constitutes 52% of total revenue for 9MFY25, compared to 36% during the same period last year.
 - The LED share is expected to be between 60 to 65% next year.
 - The company has a strong and healthy order book of INR 26,000 Mn, with 86% contributed by LED lights.
 - 33% of the order book is for electric vehicles and 78% is for passenger vehicles.
 - 60% of the order book is from Maruti Suzuki and the company expects to regain its SUV share in Maruti Suzuki in subsequent years.
 - The company expects 15 to 20% topline growth for FY26.

Revenue up 40.4% on a YoY basis



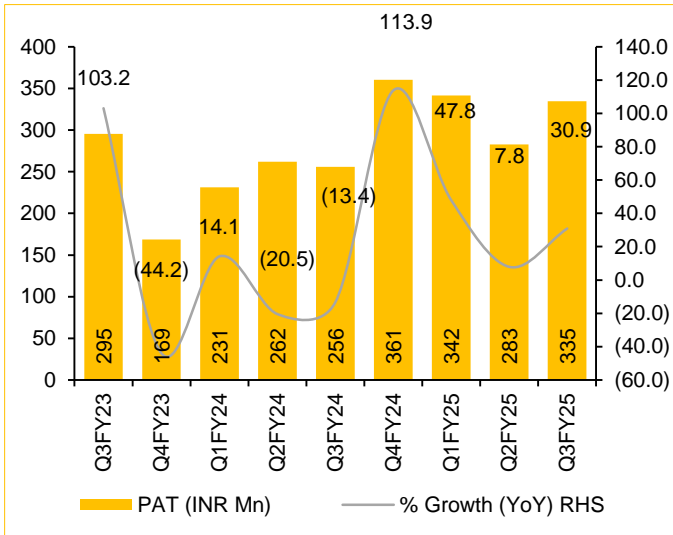
Source: Company, CEBPL

EBITDA Margin down 134 bps on a YoY basis



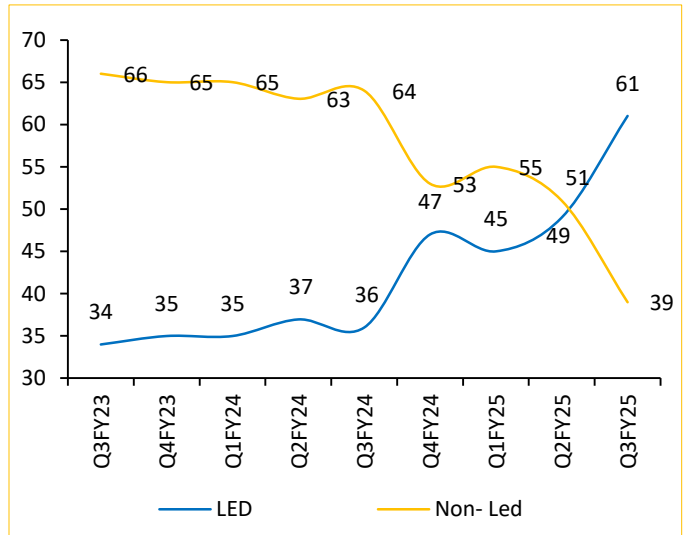
Source: Company, CEBPL

PAT up 30.9% on a YoY basis



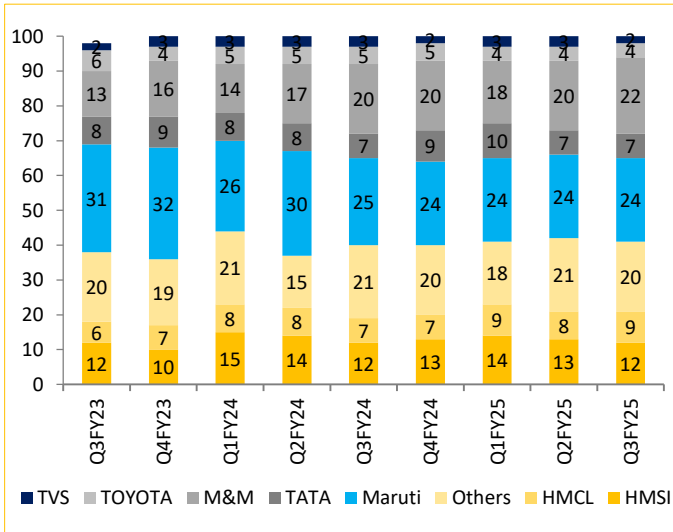
Source: Company, CEBPL

LED and Non-LED Revenue Mix (%)



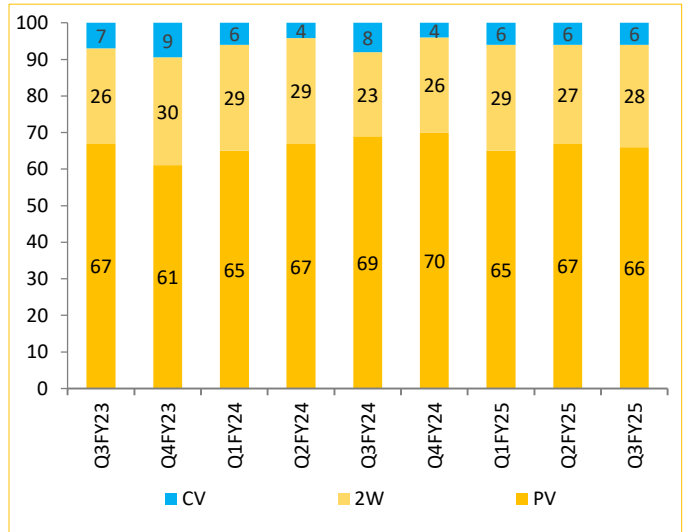
Source: Company, CEBPL

Client Mix (%)



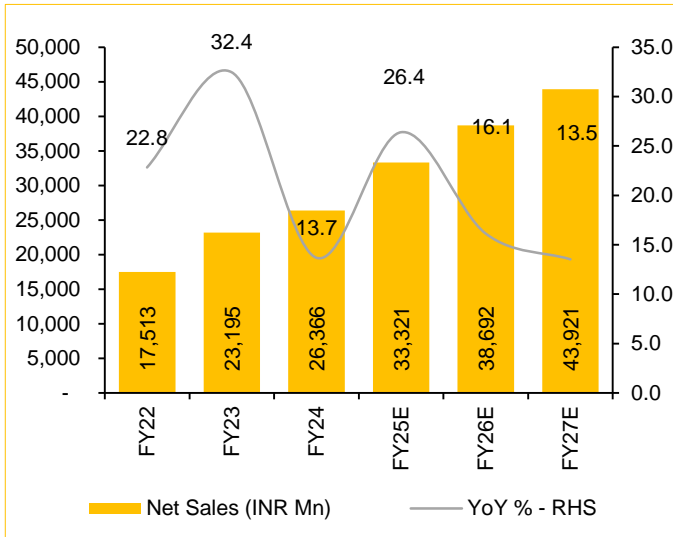
Source: Company, CEBPL

Segment Mix (%)



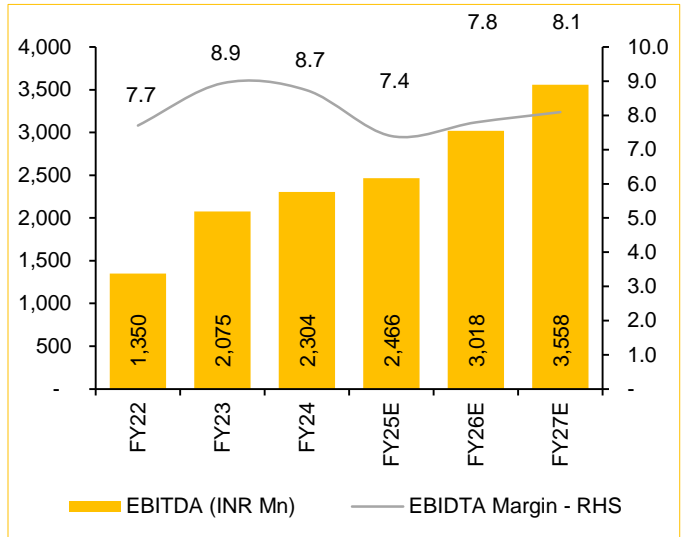
Source: Company, CEBPL

Revenue to grow at 18.5% CAGR over FY24-27E



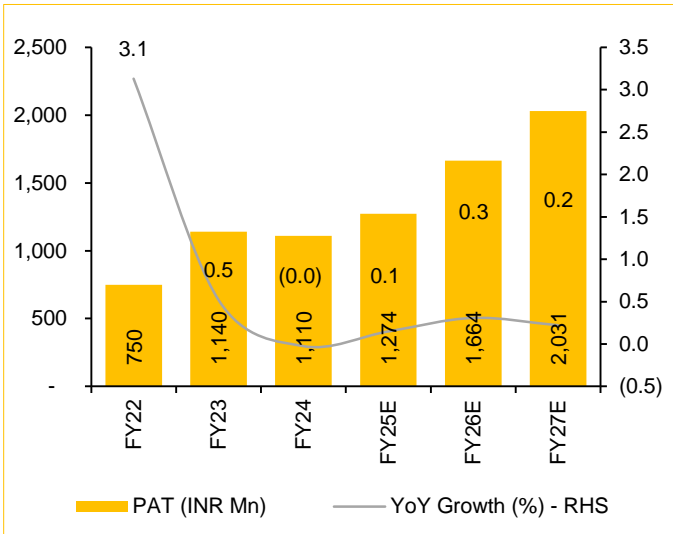
Source: Company, CEBPL

EBITDA to grow at 15.6% CAGR over FY24-27E



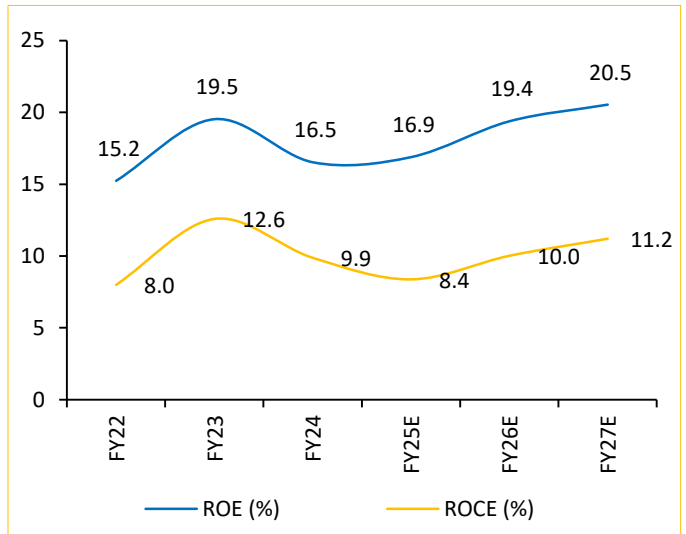
Source: Company, CEBPL

PAT to grow at 22.3% CAGR over FY24-27E



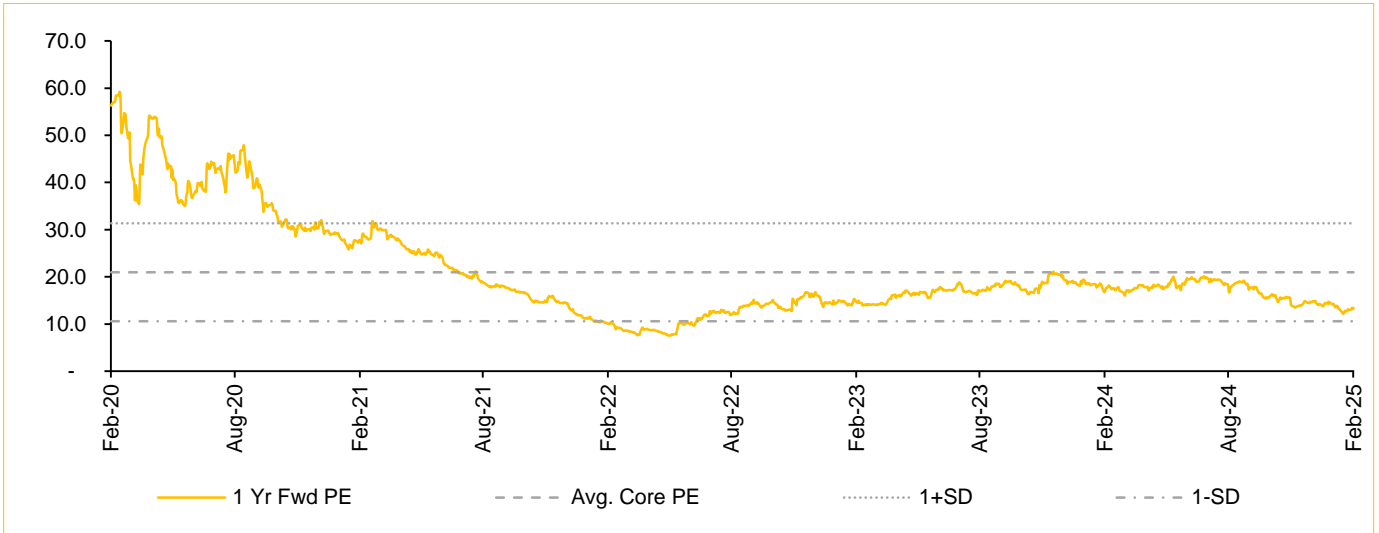
Source: Company, CEBPL

ROE (%) and ROCE (%) Trend



Source: Company, CEBPL

1 Year Forward PE Band



Source: Company, CEBPL

Income Statement

Particular (INR Mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	23,195	26,366	33,321	38,692	43,921
Gross profit	8,082	9,194	10,496	12,343	14,143
EBITDA	2,075	2,304	2,466	3,018	3,558
Depreciation	799	928	1,076	1,180	1,278
EBIT	1,275	1,375	1,390	1,838	2,280
Interest Expenses	294	479	601	648	694
Other Income	147	114	150	150	150
Exceptional Item	(54)	-	-	-	-
Reported PAT	1,085	1,110	1,274	1,664	2,031
Minority Interest	417	581	726	835	919
Adjusted PAT	1,140	1,110	1,274	1,664	2,031
EPS (INR)	121.9	118.8	136.2	178.0	217.3

Source: Company, CEBPL

Balance Sheet

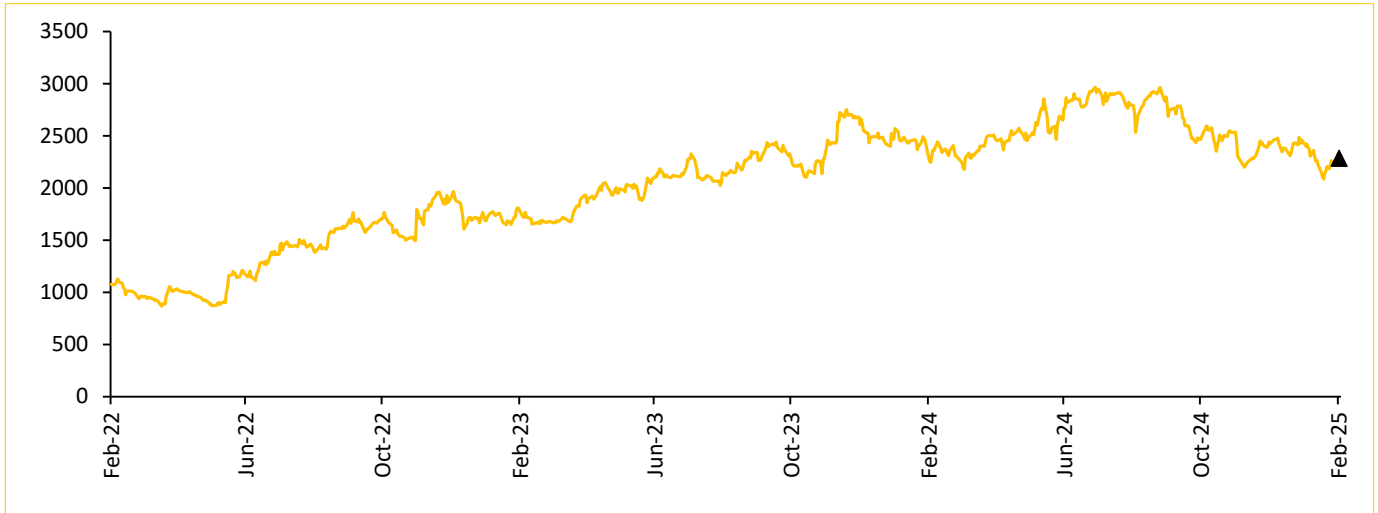
Particular (INR Mn)	FY23	FY24	FY25E	FY26E	FY27E
Net Worth	5,836	6,715	7,540	8,588	9,890
Minority Interest	-	-	-	-	-
Deferred Tax	657	913	913	913	913
Total Debt	4,306	7,226	9,076	9,776	10,476
Other Liabilities & Provisions	404	472	472	472	472
Total Net Worth & Liabilities	11,202	15,326	18,001	19,748	21,750
Net Fixed Assets	7,297	9,500	10,624	11,044	11,266
Capital Work in Progress	430	1,777	1,200	1,200	1,200
Investments	1,476	1,796	2,004	2,326	2,640
Cash & Bank balance	74	465	1,336	1,905	2,945
Loans & Advances & Other Assets	1,090	806	849	957	1,063
Net Current Assets	909	1,447	3,324	4,221	5,581
Total Assets	11,202	15,326	18,001	19,748	21,750
Capital Employed	10,141	13,941	16,616	18,364	20,365
Invested Capital	9,884	13,300	15,104	16,283	17,244
Net Debt	4,232	6,761	7,740	7,871	7,531

Source: Company, CEBPL

Cash Flows (INR Mn)	FY23	FY24	FY25E	FY26E	FY27E
CFO	1,077	1,324	1,945	3,164	3,683
Capex	(906)	(4,478)	(2,200)	(1,600)	(1,500)
FCF	171	(3,155)	(255)	1,564	2,183
CFI	(901)	(2,447)	(1,874)	(2,030)	(1,919)
CFF	(260)	1,367	800	(565)	(723)
Ratio Analysis	FY23	FY24	FY25E	FY26E	FY27E
Growth Ratios (%)					
Revenue	32.4	13.7	26.4	16.1	13.5
EBITDA	53.7	11.1	7.0	22.4	17.9
PAT	0.5	(0.0)	0.1	0.3	0.2
Margin Ratios (%)					
EBITDA	8.9	8.7	7.4	7.8	8.1
PAT	4.9	4.2	3.8	4.3	4.6
Performance Ratios (%)					
OCF/EBITDA (X)	0.5	0.6	0.8	1.0	1.0
OCF/IC	10.9	10.0	12.9	19.4	21.4
ROE	19.5	16.5	16.9	19.4	20.5
ROCE	12.6	9.9	8.4	10.0	11.2
ROIC (Post tax)	8.8	7.3	6.1	7.5	9.0
ROIC (Pre tax)	14.8	13.9	10.4	12.2	14.0
Turnover Ratios (Days)					
Inventory	59	81	75	75	75
Debtor	48	48	48	48	48
Payables (days)	88	97	97	97	97
Cash Conversion Cycle	13	14	22	22	22
Financial Stability Ratios (x)					
Net Debt to Equity	0.7	1.0	1.0	0.9	0.8
Net Debt to EBITDA	2.0	2.9	3.1	2.6	2.1
Interest Cover	4.3	2.9	2.3	2.8	3.3
Valuation Metrics					
Fully diluted shares (Mn)	9.3	9.3	9.3	9.3	9.3
Price (INR)	2,317	2,317	2,317	2,317	2,317
PE(x)	19	20	17	13	11
EV (INR Mn)	25,890	28,419	29,398	29,529	29,189
EV/EBITDA (x)	12	12	12	10	8
Book Value (INR/share)	624	718	807	919	1,058
Price to BV (x)	3.7	3.2	2.9	2.5	2.2
EV/OCF (x)	24	21	15	9	8

Source: Company, CEBPL

Historical Price Chart (INR): Lumax Industries Limited



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