

FINANCIAL MODEL

PLANT VISIT

Rising Stars

2024

IMPORT
SUBSTITUTION

ORGANISED
V/S
UNORGANISED

MANAGEMENT MEET

EXPORT
OPPORTUNITY

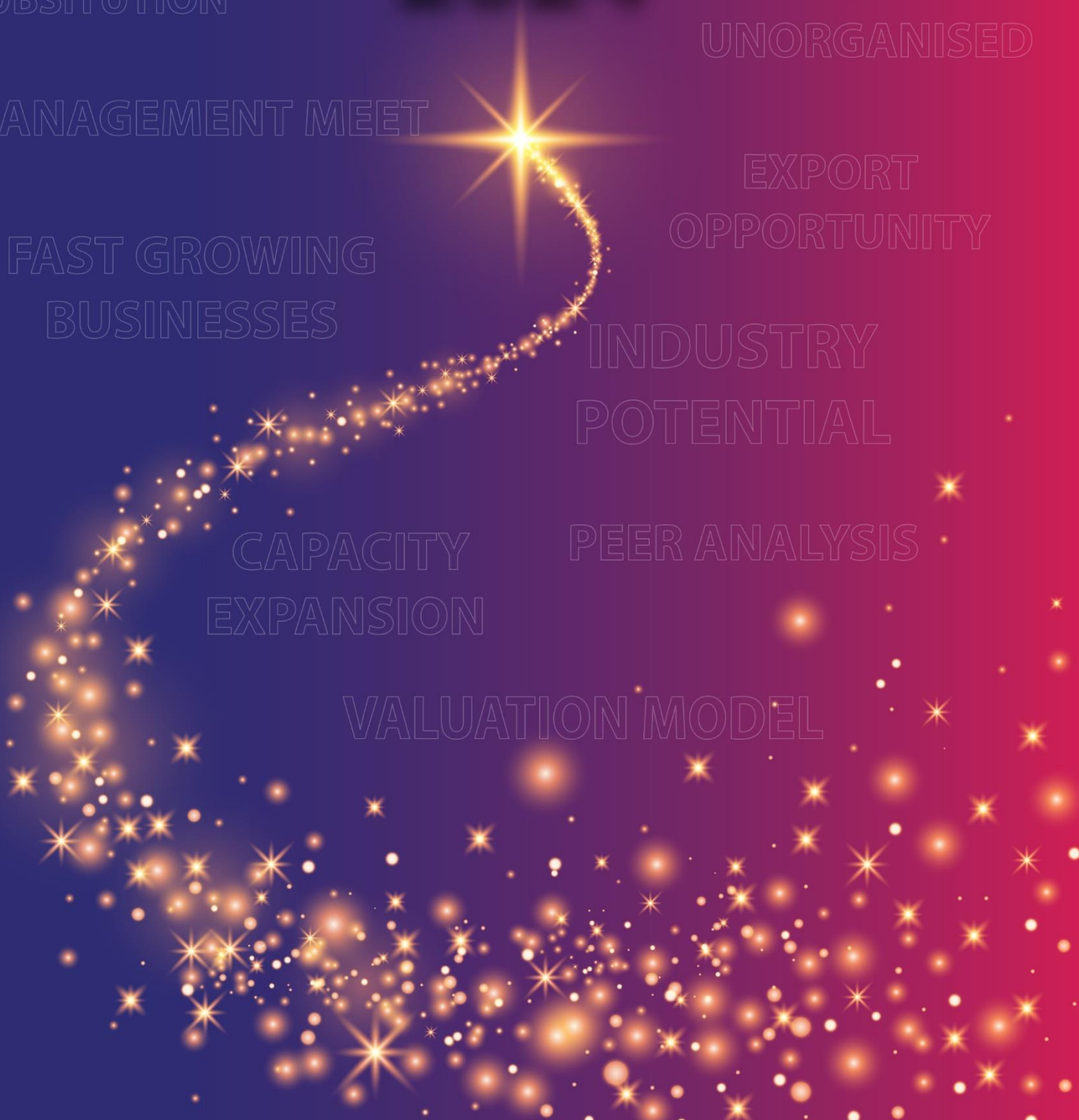
FAST GROWING
BUSINESSES

INDUSTRY
POTENTIAL

CAPACITY
EXPANSION

PEER ANALYSIS

VALUATION MODEL



Lumax Auto Technologies Ltd.

Vrooming Ahead

Current Price*	Rs. 625.8
Target Price	Rs. 857.0
Upside	36.9%

*closing price of 26th Dec, 2024

STOCK DATA

Industry Segment	AUTO ANC
BSE Code	532796
NSE Code	LUMAXTECH
Bloomberg Code	LMAX IN
52 Week High/Low (Rs)	652.0/362.5
Face Value (Rs)	2.0
Diluted Number of Shares (cr)	6.8
Market Cap. (Rs cr)	4,265.3
Avg. Yearly Volume (lakh)	44.4

SHAREHOLDING PATTERN (%)

Particulars	Dec-23	Mar-24	Jun-24	Sep-24
Promoters	56.0	56.0	56.0	56.0
FII	15.9	9.0	6.9	5.7
DII	8.3	14.2	15.9	16.2
Public & Others	19.8	20.8	21.2	22.1
Total	100	100	100	100

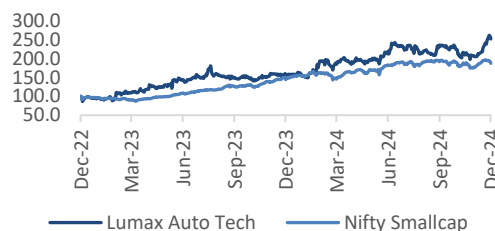
RETURNS STATISTICS (%)

Particulars	1M	3M	6M	12M
Lumax Auto Tech	20.9	8.7	14.7	61.4
Nifty SmallCap	5.4	-3.7	21.4	26.1

VALUATION & RETURN RATIOS

Particulars	FY22A	FY23A	FY24A	FY25E	FY26E
PE (x)	59.9	41.9	32.7	19.4	14.5
P/BV (x)	7.8	6.4	5.4	4.4	3.5
EV/EBIDTA (x)	28.1	23.2	13.2	10.3	7.8
EV/Sales (x)	2.8	2.5	1.7	1.3	1.0
Price/Sales (x)	0.4	0.3	0.2	0.2	0.1
RoE (%)	13.2	16.9	17.9	25.0	27.3
ROCE (%)	17.6	15.7	18.6	22.1	27.1

STOCK PERFORMANCE (2-Years)



Source: AceEquity, SSL Research

Lumax Auto Technologies Ltd (LATL) is one of India's leading auto component manufacturers specialising in components such as head and tail lamps, air intake systems, plastic tanks, door panels, switches, sensors, actuators, antennas, gear shifter, two-wheeler frames, seating structures, swing arms and other aftermarket products. Prominent OEMs such as M&M, Maruti Suzuki, Tata Motors, Bajaj Auto and HMTI are the company's clients. The company's operations are classified into 4 different verticals, **A. Advanced Plastics, B. Structures & Control Systems, C. Mechatronics** and **D. Aftermarket**. The company has formed strategic partnerships with leading global automotive component players which specialise in advanced automotive technologies and components. LATL recently acquired 60% stake in the alternate fuels business of GreenFuel Mobility Ltd which specialises in components for CNG vehicles. This will further expand the company's product portfolio and the total addressable market. LATL has 26 manufacturing plants in India across 6 States, located in close proximity to automobile manufacturing hubs at Manesar, Gurugram, Mehsana, Pune, Nashik, Waluj, Pantnagar, Bhiwadi and Bangalore.

We like the company due to 1) Rising content per vehicle, 2) Powertrain agnostic product portfolio, 3) High share of business with leading OEMs across popular models and 4) Joint Venture and acquisition led strategy leading to outperformance over industry growth rate.

We expect 27.9%/27.7%/50.4% CAGR in Revenue/EBITDA/PAT over FY24-26E led by new product launches, scaling up of acquisitions and increase in content per vehicle. The scale up of recent acquisitions IAC India and GreenFuel Mobility (alternate fuel components) along with the ramp up of the smaller JVs will drive revenue growth going forward. LATL has high share of business with leading PV and 2W OEMs such as M&M, Maruti Suzuki, Tata Motors, Bajaj Auto and HMTI which are likely to outperform the industry growth over FY24-26E period. EBITDA margins are expected to remain constant at 13% during the same period. **We initiate coverage on Lumax AutoTech Ltd with a BUY rating, valuing the stock at 20x Sep'25E EPS of Rs 42.8, which implies an upside potential of 36.9%.**

Financial Summary (Consolidated)

Particulars (Rs cr)	FY22	FY23	FY24	FY25E	FY26E
Net sales	1,508	1,847	2,822	3,658	4,617
EBITDA	151	200	368	476	600
EBITDA margin (%)	10.0	10.8	13.0	13.0	13.0
Adjusted net profit	71	102	130	219	295
EPS (Rs)	10.4	14.9	19.1	32.2	43.2
<i>growth (%)</i>	<i>48.9%</i>	<i>43.0%</i>	<i>28.0%</i>	<i>68.5%</i>	<i>34.2%</i>
Free cash flow	41	-335	117	258	349
P/E (x)	59.9	41.9	32.7	19.4	14.5
EV/EBITDA (x)	28.1	23.2	13.2	10.3	7.8
Net D/E	0.0	0.6	0.8	0.6	0.3
RoE (%)	13.2	16.9	17.9	25.0	27.1
RoCE (%)	17.6	15.7	18.6	22.1	26.9
Dividend Yield (%)	0.6	0.7	0.9	1.1	1.3

Investment Rationale

Premiumisation to drive higher content per vehicle

1) Premiumisation to drive higher content per vehicle : The Indian automotive industry is seeing a gradual shift towards premium vehicles with complete features that address the customer's needs for driving comfort, safety, infotainment and aesthetics. There is a growing adoption of cars equipped with sunroof, digital infotainment systems, connectivity solutions, airbags, modern LED lamps as well as sleek interiors that improve the overall aesthetics of the vehicle. LATL provides a range of products such as door panels, trims, head and tail lamps, power window switches, automatic gear shifters, telematics control unit and shark fin antenna to leading PV OEMs and is a key beneficiary of the increase in the preference for feature rich vehicles.

2) Powertrain agnostic product portfolio: Bulk of LATL's product portfolio has applications across all powertrains.

Exhibit 1: Wide Product Portfolio

Segment	Product Category	Products	ICE	EV	Content per Vehicle (Rs)
4W	Advance Plastics	Cockpits & Consoles	Y	Y	55,000-60,000
		Headliners	Y	Y	
		Door Panels	Y	Y	
		Trims	Y	Y	
		Louvers	Y	Y	
		Air Intake Systems	Y	N	
		Tanks	Y	Y	
	Mechatronics	Power Window Switch	Y	Y	
		Telematics Control Unit	Y	Y	
		Antennas	Y	Y	
	Structures & Control Systems	Gear Shifters	Y	Y	
		Control Housing	Y	Y	
Monostable E-Shifters		Y	Y		
Smart Actuator		Y	Y		
Shift Tower		Y	Y		
		Seating Structures	Y	Y	
2W	Advance Plastics	Lamps	Y	Y	5,000-6,000
		Fenders	Y	Y	
	Mechatronics	Oxygen Sensors	Y	Y	
	Structures & Control Systems	Frames	Y	Y	
		Swing Arms	Y	Y	

Source: Company

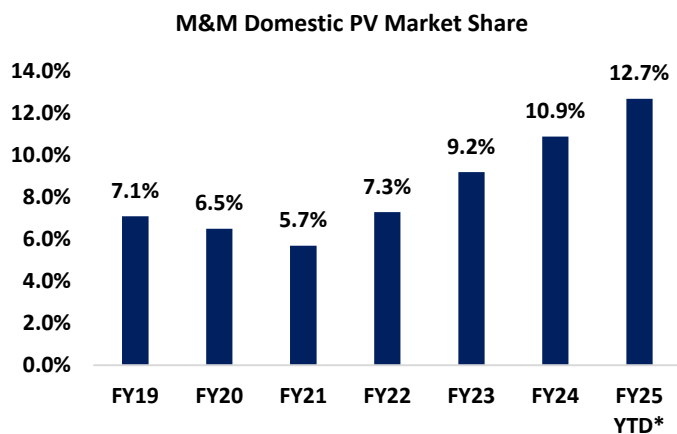
Supplier to leading 4W and 2W OEMs

3) Presence across all leading OEMs and models: LATL has high share of business from leading OEMs such as M&M, Maruti Suzuki and Tata Motors in the PV segment and Bajaj Auto and HNSI in the 2W segment. It has started supplying components for the Bajaj Chetak EV scooter in 1HFY25 which has helped increase the share of business with Bajaj Auto. The acquisition of IAC India increased the share of M&M in LATL's total revenue mix. M&M has been an outperformer in the domestic PV industry in YTD FY25 with 21% volume growth against a tepid 1% growth in total industry

volumes. LATL's revenue from M&M too has grown in-line with M&M's volume growth in 1HFY25.

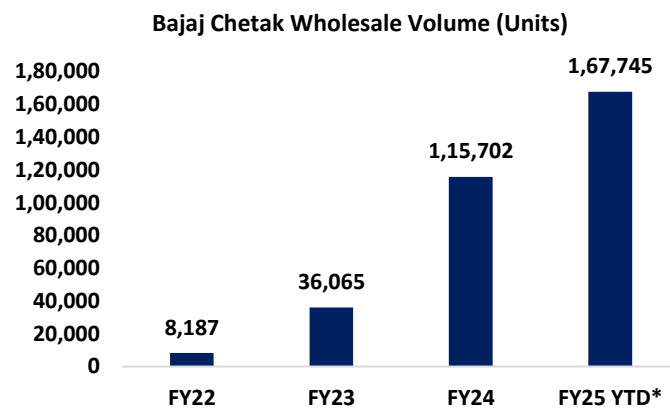
With the acquisition of alternate fuels business of GreenFuel Mobility, LATL will further increase its presence with Maruti Suzuki India, Tata Motors, Volvo Eicher Commercial Vehicle and Ashok Leyland.

Exhibit 2: M&M gaining market share



*Apr'24-Nov'24; Source: SIAM, RHP, SSL Research

Exhibit 3: Bajaj Chetak scaling up rapidly



*Apr'24-Nov'24; Source: SIAM, SSL Research

4) Joint Venture and acquisition led strategy leading to outperformance over industry growth rate: LATL's standalone business primarily supplies 2W structural frames and 4W lighting solutions. The company has followed an acquisition led strategy to gain access to technical knowhow, reduce the time to market for new products, increase the wallet share with existing customers and sign-up new customers.

a) Acquisition of IAC India: LATL acquired 75% stake in IAC India from the IAC Group in Feb'23 for Rs 440 cr, valuing the company at Rs 587 cr. The balance 25% stake continues to be held by IAC Group. The acquisition of IAC India has further expanded LATL's powertrain-agnostic automotive interior and exterior systems and components including instrument panels, cockpits and consoles, door and trim systems, headliner and overhead systems and other interior and exterior components thus enhancing LATL's market presence and wallet share with PV OEMs. IAC India is a key supplier to key PV OEMs such as M&M, Maruti Suzuki and Volkswagen. Most of the customers of IAC India were LATL's customers as well at the time of acquisition. This acquisition transformed LATL from a primarily 2W component supplier to a major PV focused company by expanding its wallet share with existing PV OEMs.

b) Acquisition of GreenFuel Mobility: LATL acquired the alternate fuels business of GreenFuel Mobility in Nov'24 which will give the company foothold in the CNG and Hydrogen vehicle component ecosystem, thereby further expanding its product portfolio and wallet share with existing customer OEMs such as Maruti Suzuki and Tata Motors. GreenFuel Mobility specialises in high-pressure fuel delivery and storage systems for CNG and hydrogen vehicles as well as fire and smoke detection systems for the automotive industry. It has 35% market share in these components with Maruti Suzuki/Tata Motors contributing 45%/20% of the revenue. The acquisition was done at 6x EV/EBITDA multiple, valuing it at Rs 221 cr (60% stake acquired for Rs 133 cr).

Both these acquisitions along with the ramp up of the smaller JVs are expected to drive the future revenue growth for LATL.

Exhibit 4: History of Growth through JVs and Acquisitions

JV Partner/Acquisition	Year	LATL Stake	Product Portfolio	FY24 Order Book (Rs Cr)	Key Customers
Cornaglia	2007	50%	Emission Systems (Air Filters, Plastic Urea & Fuel Tanks)	60	Tata Motors, Toyota, VW, M&M, MG
Mannoh	2008	55%	Gear Shifters	60	Maruti Suzuki, M&M, Toyota, Tata Motors, Honda Cars, Daimler
F&E	2017	84%	Oxygen Sensors	30	M&M
Ituran	2017	50%	Telematics	NA	Daimler
JOPP	2019	50%	Transmission Products	55	M&M, Maruti Suzuki
Yokowo	2020	50%	Antennas and Vehicle Communication	35	Toyota, Honda Cars
AlpsAlpine	2021	50%	Electric Devices and Components	110	Maruti Suzuki
IAC India	2023	75%	Vehicle Interior Systems & Components	500	M&M, Maruti Suzuki
GreenFuel Mobility	2024	60%	Alternate Fuel Components	NA	Maruti Suzuki, Tata Motors

Source: Company

PLI and PM E-Drive to increase domestic sourcing of auto components

5) Thrust on domestic manufacturing and sourcing: The PLI scheme, with an earmarked budget of Rs 25,938 cr for the automotive sector is designed to offer financial incentives of up to 18%, fostering the growth of domestic manufacturing in Advanced Automotive Technology (AAT) products and encouraging investments throughout the automotive manufacturing value chain. The recently launched PM E-Drive scheme also has a Phased Manufacturing Program wherein the industry has to achieve a certain minimum percentage of localisation in order to be eligible for receiving the incentives.

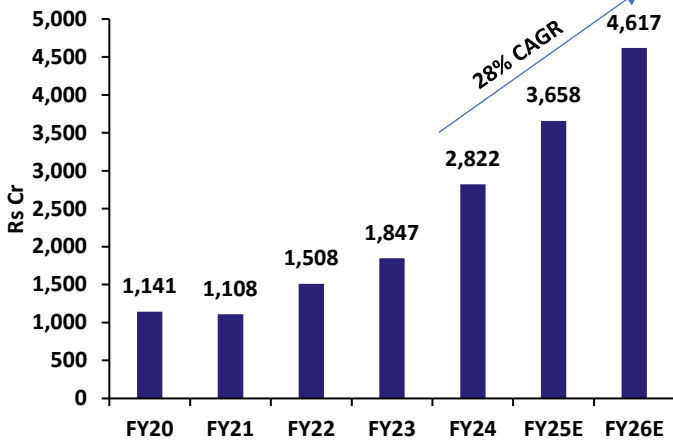
These measures by the government along with other tariff and non-tariff barriers aim to increase the localisation of auto components in the country. Certain components such as automatic gear shifters have a high import percentage where the prospect of import substitution presents significant growth opportunities for LATL.

Key Risks:

1. Delay in launch pipeline of OEMs
2. Broad based industry slowdown
3. Supply chain disruption
4. Delay in new product launches

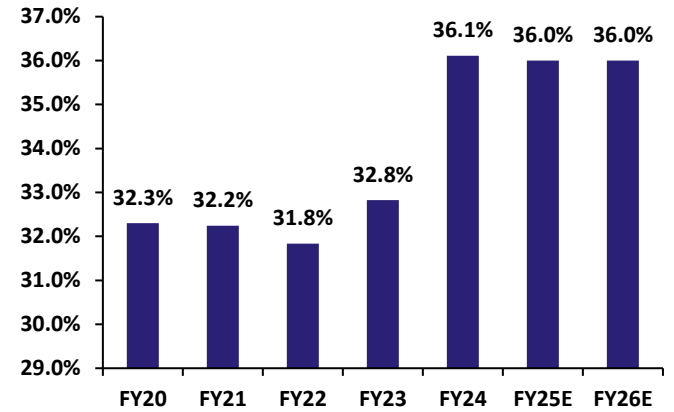
Story in Charts

Exhibit 5: Revenue growth driven by inorganic acquisitions



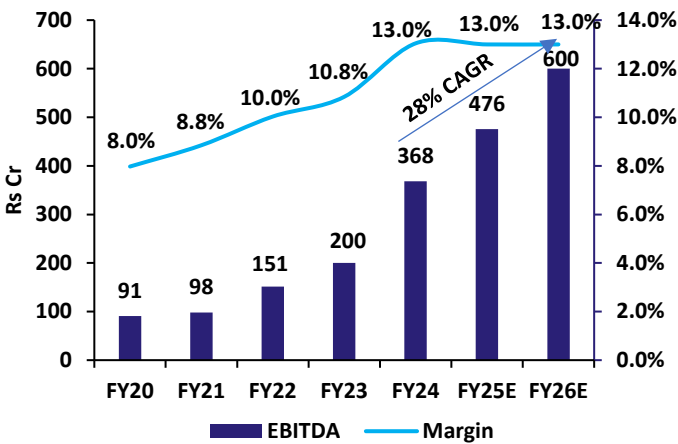
Source: Company, SSL Research

Exhibit 6: IAC acquisition drives steep change in gross margins



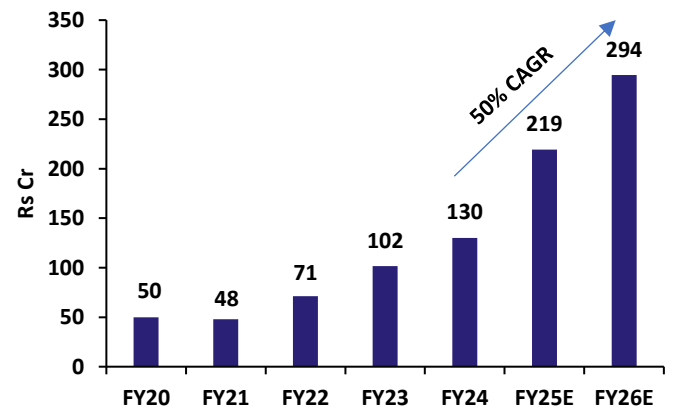
Source: Company, SSL Research

Exhibit 7: ...driving improvement in EBITDA as well



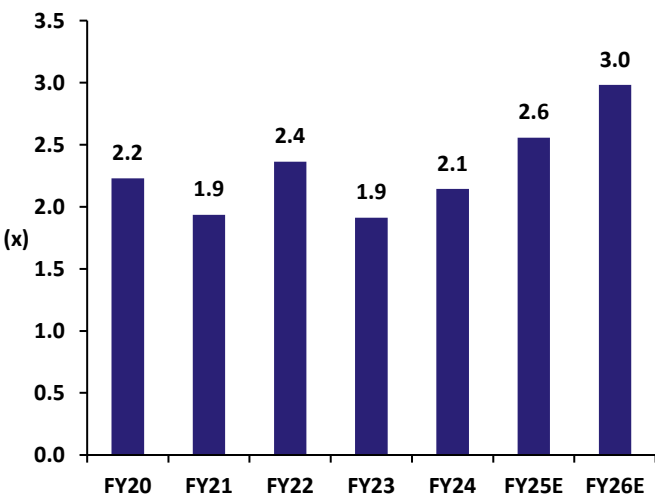
Source: Company, SSL Research

Exhibit 8: Ramp up of JVs/acquisitions to accelerate earnings...



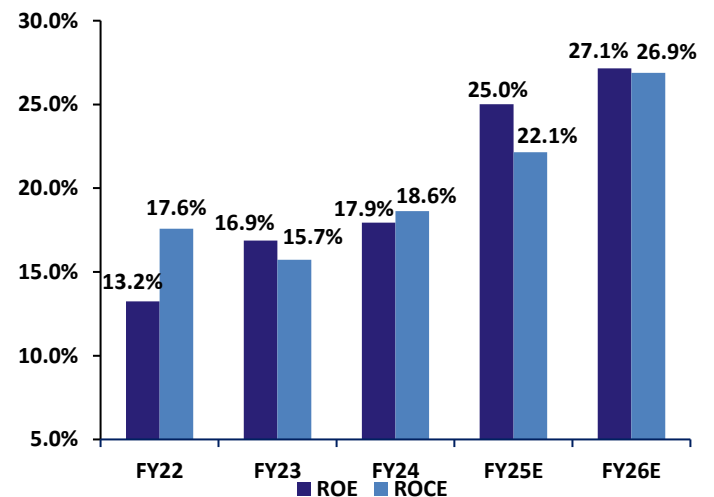
Source: Company, SSL Research

Exhibit 9: ...and Asset Turn



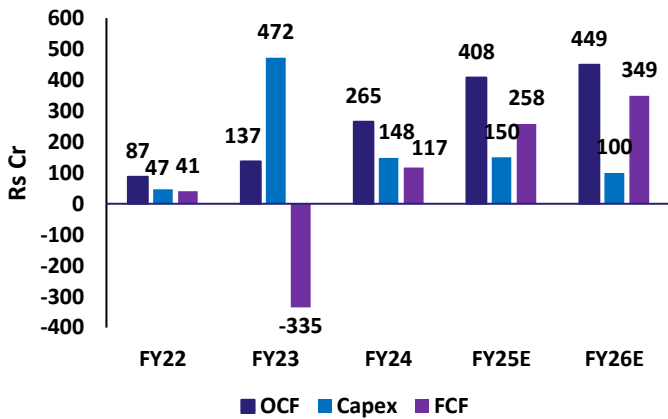
Source: Company, SSL Research

Exhibit 10: ...leading to improvement in Return Ratios



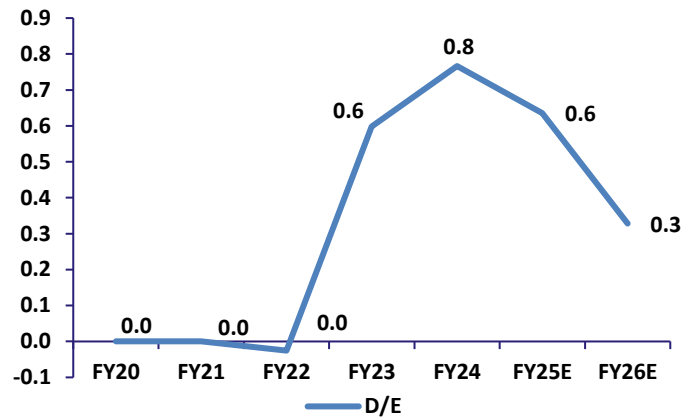
Source: Company, SSL Research

Exhibit 11: Healthy free cash flow generation...



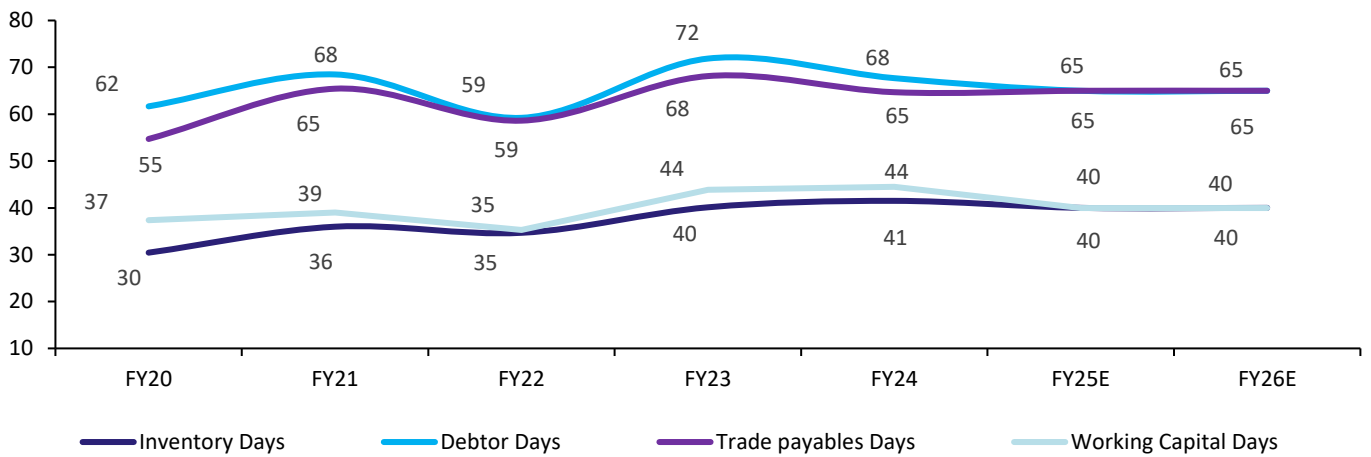
Source: Company, SSL Research

Exhibit 12: ...To drive gradual deleveraging ahead



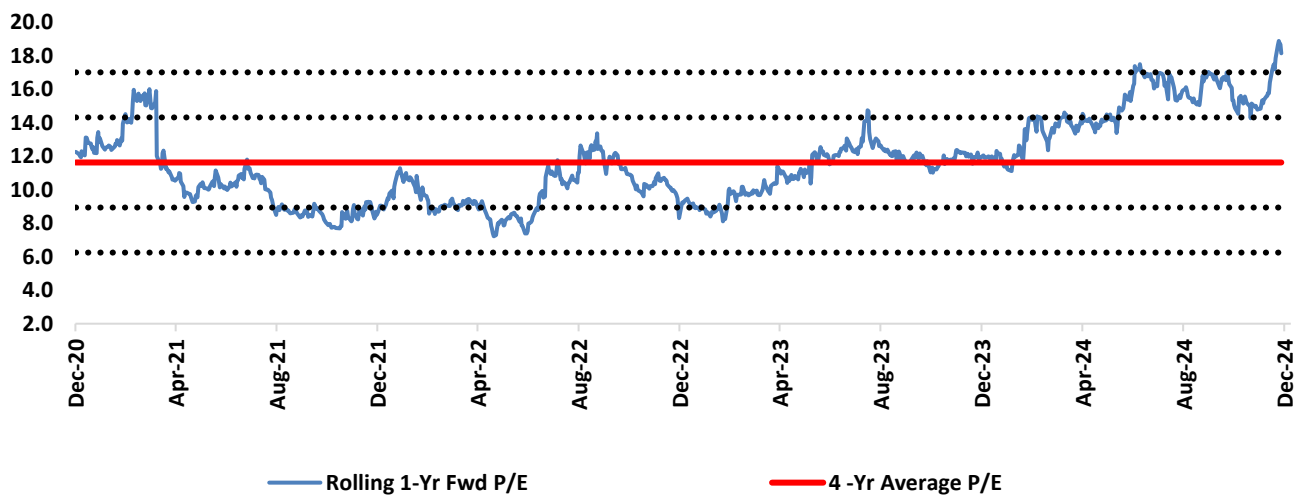
Source: Company, SSL Research

Exhibit 13: Steady Cash Conversion Cycle (Days)



Source: SIAM, CRISIL MI&A, RHP, SSL Research; * Annualized based on Apr'24-Nov'24 sales volume

Exhibit 14: Valuation



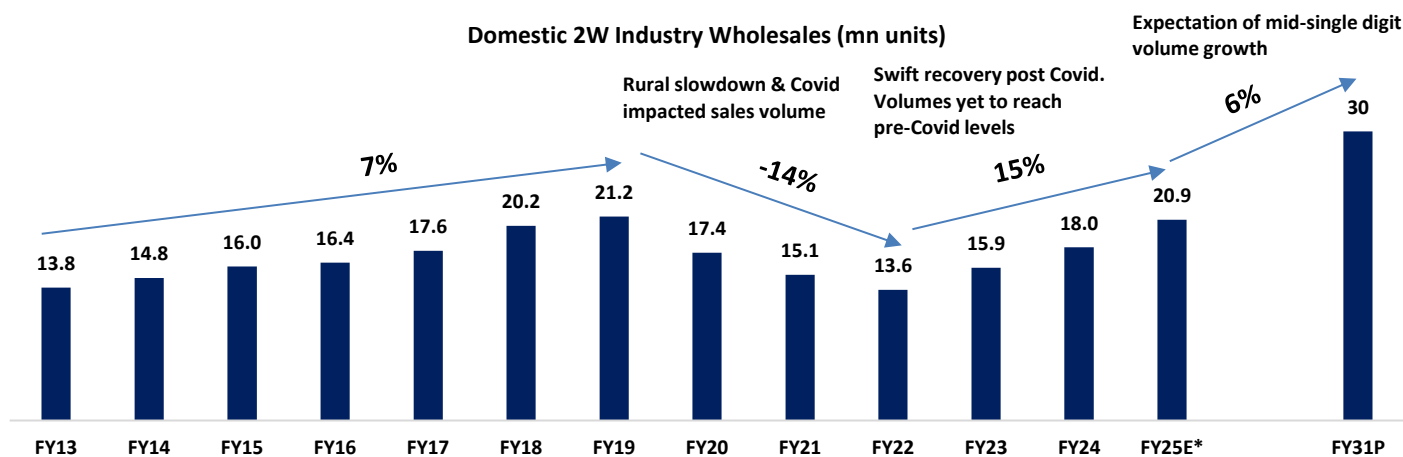
Source: Company, SSL Research

Industry Overview

A. Domestic Two-Wheeler Industry on a strong growth trajectory:

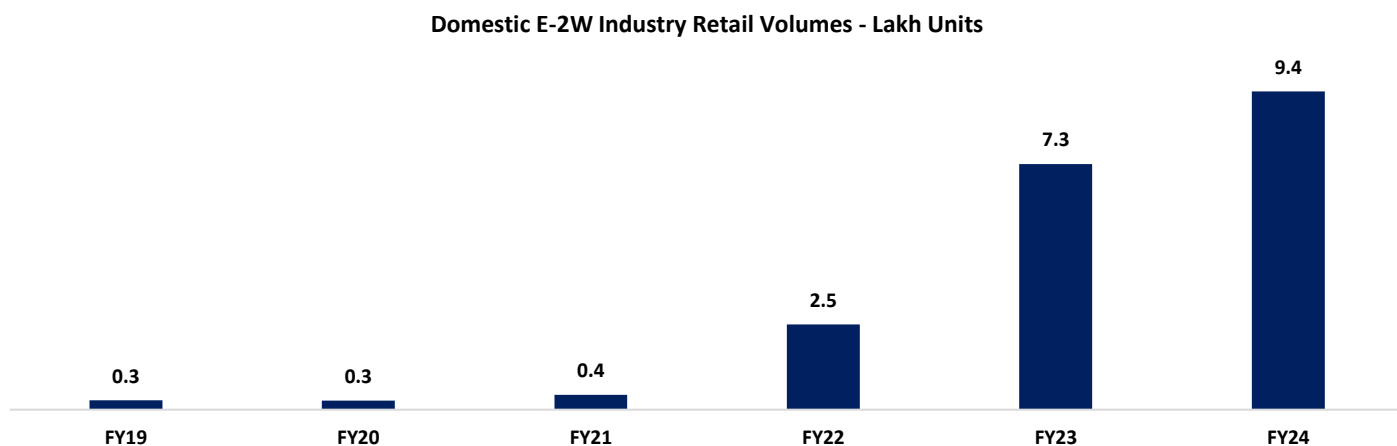
The domestic two-wheeler industry has grown in double digits in the last 2 years (FY23 and FY24) post the pandemic after declining for 3 consecutive years during FY19-22. The industry is on track to surpass the FY19 peak of 20.9 mn units in FY25E on back of strong rural led volume recovery, new model launches by OEMs, improvement in the rural road network, rising finance penetration, need for personal mobility and last-mile connectivity in urban areas.

Exhibit 15: Double digit industry growth to continue in FY25E, all set to surpass peak volumes of FY19 in FY25E/26E



Source: SIAM, CRISIL MI&A, RHP, SSL Research; * Annualized based on Apr'24-Nov'24 sales volume

Exhibit 16: Rapid Growth in Electric 2W supported by Govt incentives



Source: SIAM, SSL Research

B. Rise in adoption of EV-2W:

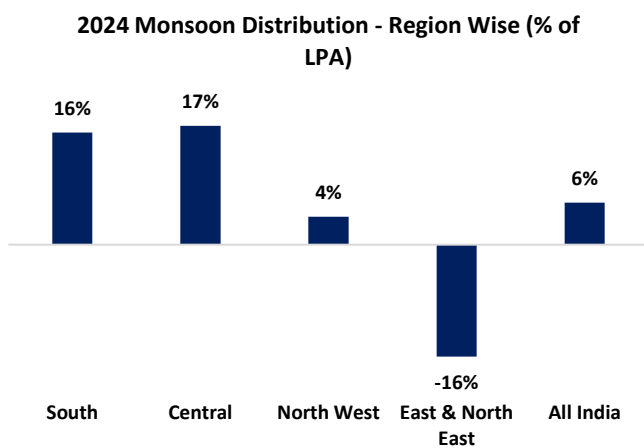
Supportive govt measures such as FAME schemes have aided in rapid adoption of EV in the 2W industry particularly in the scooter segment. Current penetration in Scooters/Motorcycles stands at 14.7%/0.1% respectively. The PM E-Drive scheme announced recently aims to further incentivize purchase of 24.8 lakh electric two-wheelers, 3.16 lakh electric three-wheelers and 14,028 electric buses in the next 1.5 years between Oct'24 and Mar'26. The scheme has also proposed installation of 22,100

public fast chargers for e-4Ws, 1,800 fast chargers for e-buses and 48,400 fast chargers for e-2W/3Ws. Lower total cost of ownership, falling battery prices, localization of components, expansion in the charging network infrastructure, launch of affordable EVs by leading 2W OEMs, lower GST rate (5% for EV vs 28% for ICE) are additional factors that will aid uptake of electric two-wheelers.

C. Normal monsoon to aid rural recovery:

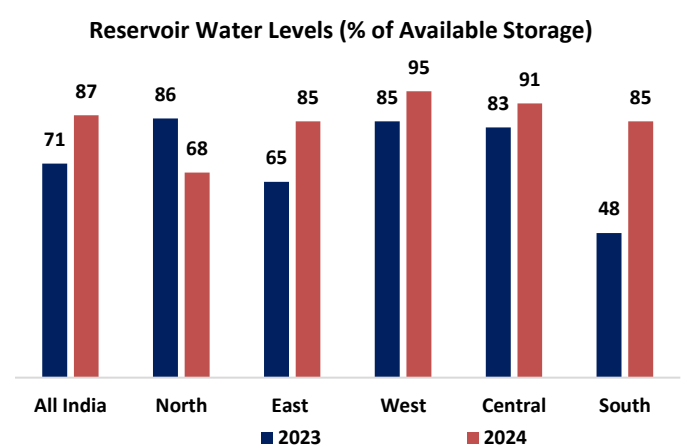
The 2024 kharif season witnessed strong monsoon rains leading to a bumper kharif harvest. Higher water levels in the reservoirs and adequate soil moisture has also resulted in higher acreage in the ongoing rabi season. Key agricultural zones of South and Central India which are primarily dependent on monsoon rainfall for their water needs witnessed above normal rains during the season. Various farmer centric schemes by both the Central and various State Governments (Higher MSPs, free/subsidized electricity, solar pumps, fertilizer subsidy, farm loan waivers, lifting of export restrictions) are likely to further boost rural incomes.

Exhibit 17: Above normal rains in key agriculture zones



Source: IMD, SSL Research

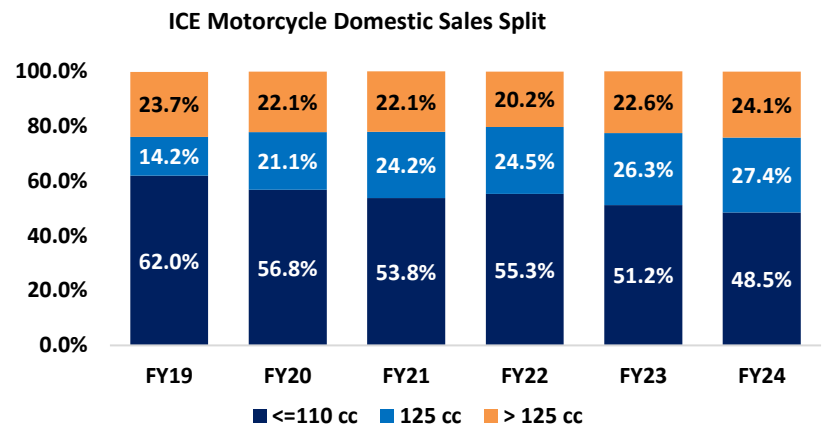
Exhibit 18: Higher reservoir levels to support rabi output



Source: Central Water Commission, SSL Research

D. Premiumisation Trend in Motorcycles, Scooters and Cars

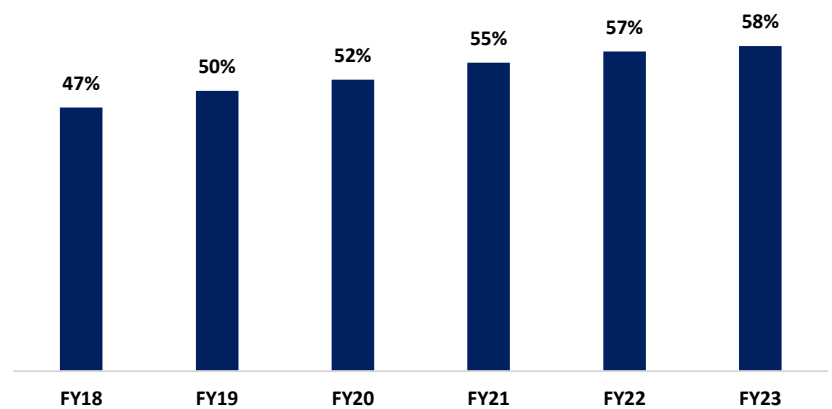
Rising consumer aspirations, easy availability of finance, need for comfort and safety while driving and rise in the cost of entry level motorcycles and cars has led to steady shift in customer preference towards premium motorcycles and SUVs. The share of entry level motorcycles (75-110 cc engine capacity) has fallen from 62.0% in FY19 to 48.5% in FY24 while the share of 110-125 cc segment has risen from 14.2% to 27.4% during the same period. OEMs are also increasingly focusing on the premium segment where margins are relatively higher.

Exhibit 19: Rising share of premium motorcycles

Source: Company, SSL Research

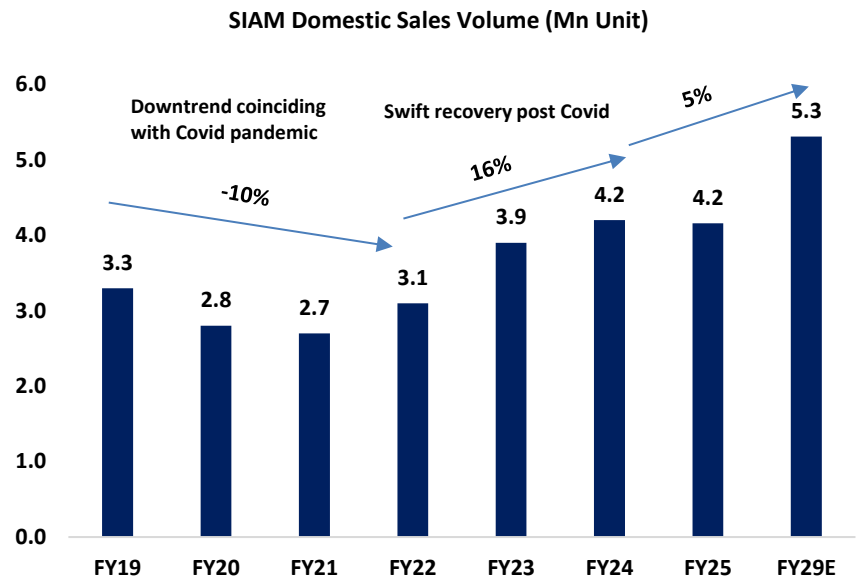
E. Rising finance penetration

Expansion of the bank and NBFC network in the hinterland along with the growth in the digital banking channels has led to easy availability of credit for consumers wishing to upgrade their vehicles or directly purchase a premium version. The share of two-wheelers purchased on EMIs has gone up from 47% in FY18 to 58% in FY23. The OEMs are also playing a part through their respective captive NBFCs as well as setting up of digital aggregator marketplaces where the consumers can easily access credit from multiple options available on the platform.

Exhibit 20: Rising Finance Penetration in Two-Wheelers

Source: CRISIL, SSL Research

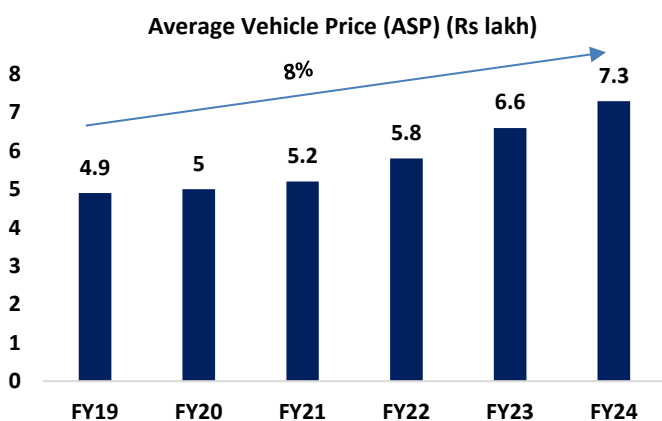
Exhibit 21: Mid-Single Digit CAGR in Domestic PV Sales Volume



Source: SIAM, RHP, SSL Research

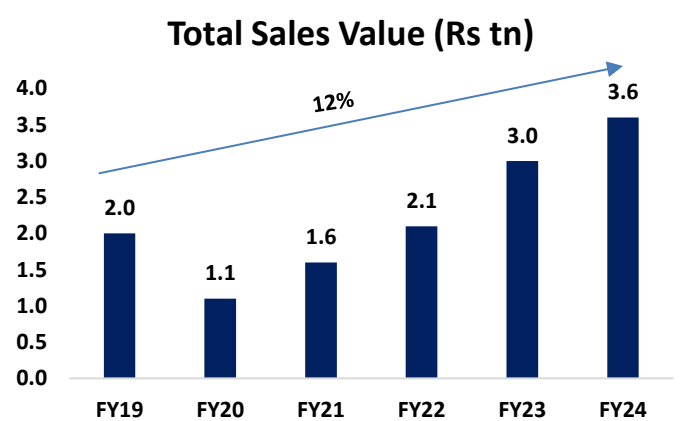
Domestic PV sales volume posted a strong recovery post Covid with FY24 volumes surpassing the pre-Covid peak of FY19. Factors such as new vehicle launches, pent up demand post Covid, greater need for personal mobility and increase in production capacity contributed to this recovery. Premiumisation trend along with sharp rise in vehicle prices led to rise in average selling prices of passenger vehicles leading to double digit value growth. Consumer preference for SUVs over hatchbacks, automatic transmission over manual transmission, greater emphasis on safety and aesthetics have also contributed to rise in ASP.

Exhibit 22: Rise in ASPs....



Source: CRISIL MI&A, SSL Research

Exhibit 23:Driving Double-Digit Rise in Value Growth

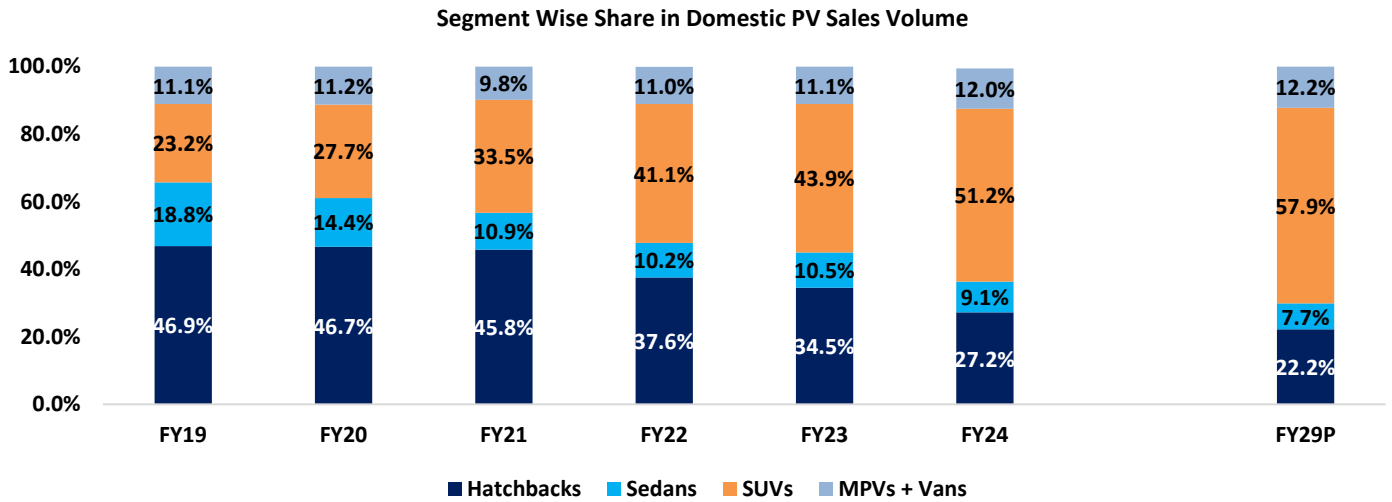


Source: CRISIL MI&A, SIAM, MCA, SSL Research

The share of SUVs has doubled over the last 5 years propelled by rising disposable incomes, aspirational young buyers, easy availability of finance, OEMs launching multiple SUV models across various price points and better on-road performance and safety of these vehicles. SUV volumes in India have grown at a CAGR of 22.7% over FY19-24, outperforming the overall

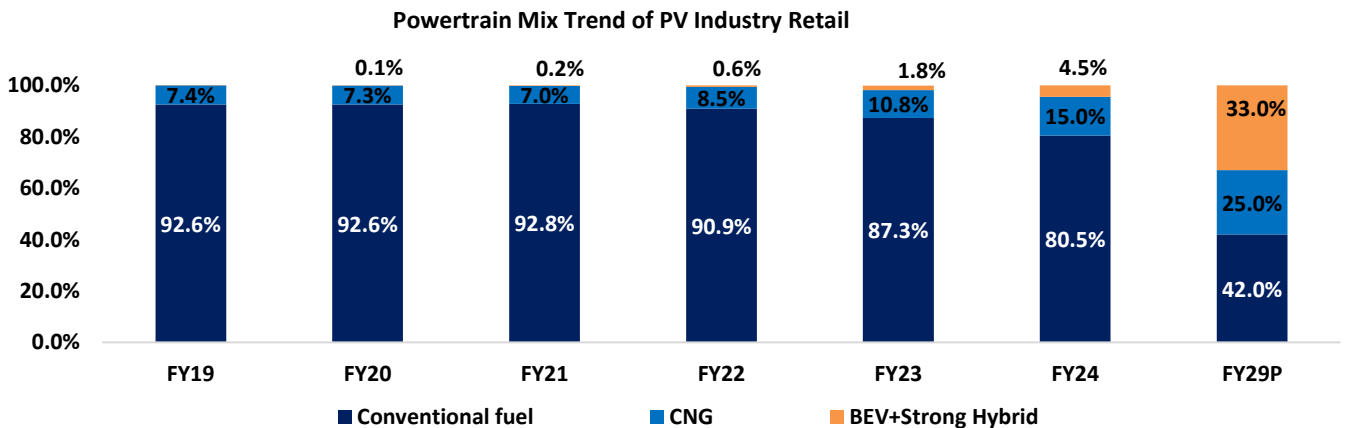
domestic PV volume growth by a huge margin. The outperformance of SUVs is expected to continue over the next 5 years as well driven by new launches especially in the EV and hybrid segment and rising consumer aspirations. The 4 leading OEMs (M&M, Maruti Suzuki, Hyundai Motor and Tata Motors) command a combined 78% market share of the domestic SUV industry as of FY24.

Exhibit 24: Strong Consumer Preference for SUVs



Source: SIAM, RHP, SSL Research

Exhibit 25: CNG, Hybrids and EVs to gain share



Source: SIAM, RHP, SSL Research

The share of CNG vehicles has nearly doubled over FY22-24 with leading OEMs such as Maruti Suzuki, Tata Motors and Hyundai Motor launching CNG versions of their existing models as well as stability in CNG prices over conventional fuels such as petrol & diesel. Increase in the density of CNG distribution infrastructure by the city gas distribution companies as well as better cost economics of CNG vehicles is likely to propel CNG penetration over FY24-29P period.

Electrification is another trend witnessed in the Indian domestic passenger vehicle market in the last 2-3 years. Plethora of vehicle launches, expanding charging infrastructure, falling cost of cells and battery packs, localization of supply chain and continued government support will aid further growth of electrification in India going ahead.

Hybrids too have gained share in the last 2 years with OEMs such as Maruti Suzuki (Grand Vitara, Invicto), Toyota Kirloskar Motor (HyRyder, HyCross) and Honda Cars India (City) seeing fast acceptance for their hybrid models. Better fuel efficiency in city driving and no range anxiety like EVs have supported the growth of hybrids. States such as Uttar Pradesh have incentivized Hybrids as well along with EVs.

Company Overview

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Exhibit 26: Advanced Plastics - Product Portfolio



Cockpit & Consoles



Door Panels



Air Intake Systems



Urea & Plastic Fuel Tanks



Headliners



Trims



Louvers



Head Lamps



Tail Lamps



Front & Rear Fender

Source: Company

Exhibit 27: Structures & Control Systems - Product Portfolio



Gear Shifter



Control Housing



Monostable E-shifter



Smart Actuator



Shift Tower



Frames



Swing Arms



Seating Structures

Exhibit 28: Mechatronics - Product Portfolio



Power Window Switch



O2 Sensor



Telematics Control Unit



Shark Fin Antenna



Telematics Antenna



LF Antenna

Exhibit 29: Aftermarket - Product Portfolio



Exhibit 30: Revenue Mix – FY24

Exhibit 30.1: Segment Revenue Mix

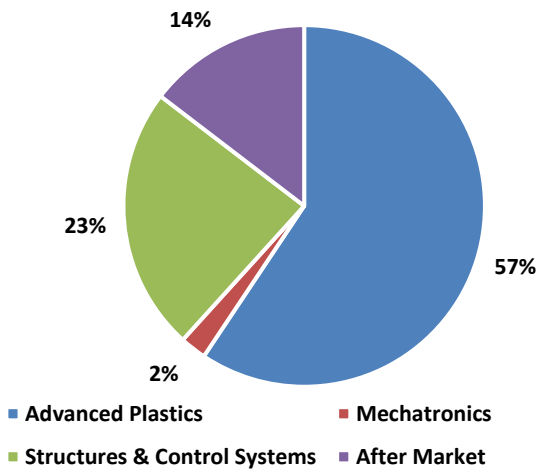
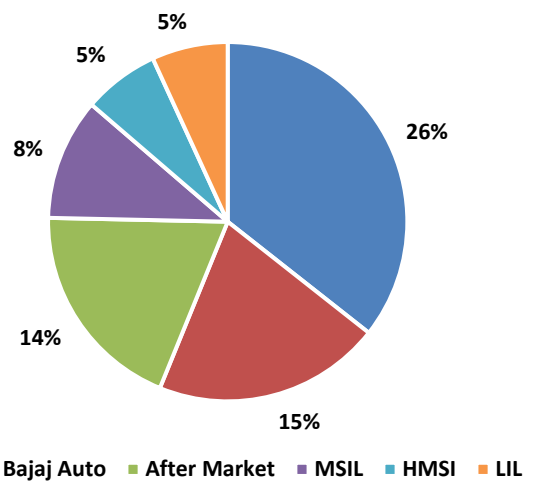


Exhibit 30.2: Client Revenue Mix



Source: Company, SSL Research

Source: Company, SSL Research

Exhibit 31: Manufacturing Footprint

Location	No of Plants	Facility Type
Manesar & Gurugram – Haryana	8	Manufacturing Facility
Pantnagar – Uttarakhand	3	Manufacturing Facility
Bhiwadi – Rajasthan	1	Manufacturing Facility
Mehsana – Gujarat	1	Manufacturing Facility
Pune, Nashik, Waluj – Maharashtra	10	Manufacturing Facility
Bengaluru	3	Manufacturing Facility
Manesar	1	R&D Center
Pune	1	Engineering Center

Exhibit 32: Management Overview

Name	Designation
Dr. DK Jain	Executive Chairman
Mr. Anmol Jain	Managing Director
Mr. Vikas Marwah	Chief Executive Officer
Mr. Ashish Dubey	Chief Financial Officer
Mr. Sanjay Mehta	Group Chief Financial Officer
Mr. Pankaj Mahendru	Company Secretary

Initiate with BUY

We like Lumax Auto Technologies Ltd due to its wide powertrain agnostic product portfolio, growth through targeted acquisitions which enhances its capabilities and improves wallet share with existing customers as well as onboarding of new customers. LATL is present with all the leading OEMs such as M&M in PV segment and Bajaj Auto in the 2W segment which have been outperforming the industry. The PLI scheme as well as the PM E-Drive scheme are encouraging higher localisation of auto components to support the overall Make in India and Atmanirbhar Bharat initiatives of the government which bodes well for auto component manufacturers such as Lumax Auto Tech.

We expect 27.9%/27.7%/50.4% CAGR in Revenue/EBITDA/PAT over FY24-26E led by new product launches, scaling up of acquisitions and increase in content per vehicle. The scale up of recent acquisitions IAC India and GreenFuel Mobility (alternate fuel components) along with the ramp up of the smaller JVs will drive revenue growth going forward. LATL has high share of business with leading PV and 2W OEMs such as M&M, Maruti Suzuki, Tata Motors, Bajaj Auto and HMSI which are likely to outperform the industry growth over FY24-26E period. EBITDA margins are expected to remain constant at 13% during the same period. **We initiate coverage on Lumax AutoTech Ltd with a BUY rating, valuing the stock at 20x Sep'25E EPS of Rs 42.8, which implies an upside potential of 36.9%.**

Peer Comparison – FY24

Company	M.Cap (Rs cr)	Sales (Rs cr)			CAGR FY24-FY26E	EBITDA (Rs cr)			CAGR FY24-FY26E	Net Profit (Rs cr)			CAGR FY24-FY26E
		FY24	FY25E	FY26E		FY24	FY25E	FY26E		FY24	FY25E	FY26E	
Lumax Auto Technologies	4,265	2,822	3,658	4,617	27.9%	368	476	600	27.7%	130	219	294	50.4%
Pricol	6,922	2,272	2,623	3,050	15.9%	273	341	412	22.8%	141	192	242	31.2%
Sandhar Tech	3,106	3,521	4,028	4,534	13.5%	340.7	410.8	485.17	19.3%	110	151	213	39.2%
Uno Minda	59,366	14,031	16,958	19,819	18.8%	1585	1,973	2368	22.2%	925	1,111	1,368	21.6%
Minda Corp	11,851	4,651	5,339	6,124	14.7%	517	617	737	19.4%	227	317	402	33.1%
Gabriel India	6,846	3,403	3,927	4,419	14.0%	293	374	455	24.6%	179	253	308	31.2%
Endurance Tech	30,265	10,241	11,861	13,630	15.4%	1328	1645	1968	21.7%	680	890	1,112	27.9%
Varroc Engineering	8,969	7,552	8,348	9,410	11.6%	759	860	1030	16.5%	518	317	462	-5.6%

Company	P/E			EV/EBITDA			P/B			RoE (%)			EBITDA Margin (%)		
	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E
Lumax Auto Technologies	32.8	19.5	14.5	13.3	10.3	8.1	5.5	4.5	3.6	17.9	25.0	27.1	13.0	13.0	13.0
Pricol	49.2	35.8	28.5	25.2	20.1	16.7	7.9	6.6	5.4	18.1	20.5	20.9	12.0	13.0	13.5
Sandhar Tech	28.3	20.5	14.6	11.2	9.3	7.9	3.4	3.0	2.6	11.3	13.9	17.0	9.7	10.2	10.7
Uno Minda	64.2	53.4	43.4	38.4	30.8	25.7	11.5	9.5	7.9	18.7	19.6	20.3	11.3	11.6	11.9
Minda Corp	52.2	37.4	29.5	23.6	19.8	16.6	6.9	6.0	5.2	12.7	15.0	15.9	11.1	11.6	12.0
Gabriel India	38.2	27.1	22.2	23.2	18.1	14.9	6.4	5.5	4.7	19.1	21.3	22.4	8.6	9.5	10.3
Endurance Tech	44.5	34.0	27.2	23.0	18.6	15.5	6.1	5.3	4.5	13.7	16.7	18.1	13.0	13.9	14.4
Varroc Engineering	17.3	28.3	19.4	13.5	11.9	9.9	6.0	5.2	4.3	34.6	17.8	22.5	10.1	10.3	10.9

Source: Bloomberg, SSL Research

Key Risks:

- 1. Delay in launch pipeline of OEMs:** Any inordinate delay in the launch timeline of client OEMs could impact LATL's revenue growth and capacity utilisation, thus impacting the overall earnings of the company. Delay in launch of the new model could lead to market share loss for the client OEM eventually impacting LATL.
- 2. Auto Industry Slowdown:** The Indian automotive industry barring the two-wheeler industry is currently experiencing a temporary slowdown with the PV industry plagued by high channel inventory and the CV industry facing demand headwinds due to heavy monsoon rains slowing down infrastructure, construction and mining activities. Demand is expected to recover in 2HFY25 with the onset of festive season and the commencement of infrastructure activities. Delay in the auto industry recovery or slowdown in the 2W industry could lead to lower demand for the company's products.
- 3. Slow adoption of EV:** Slowdown in the adoption of EVs due to higher upfront cost, reduction in subsidies, range anxiety and attractiveness of hybrids over EVs could impact the EV volumes of the company's key clients.
- 4. Supply chain disruption:** The continued geopolitical tensions as well as potential trade war between USA and China could disrupt the company's supply chain especially for critical components such as semiconductors and other electronic components.
- 5. Delay in new product launches:** Delay in launch of new product offerings by the company could lead to loss of market share and affect the future growth of the company.

Financial Statements (Consolidated)

Income Statement

Figures in Rs cr.

Particulars	FY22	FY23	FY24	FY25E	FY26E
Net sales	1,507.9	1,847.5	2,821.7	3,658.3	4,616.9
<i>YoY growth (%)</i>	<i>36.1%</i>	<i>22.5%</i>	<i>52.7%</i>	<i>29.6%</i>	<i>26.2%</i>
Gross Profit	480.0	606.4	1,019.0	1,317.0	1,662.1
Gross Margin	31.8%	32.8%	36.1%	36.0%	36.0%
Employee Expense	162.8	198.5	362.2	475.6	600.2
Other Operating expenses	166.0	207.6	288.7	365.8	461.7
EBIDTA	151.3	200.3	368.1	475.6	600.2
EBITDA Margin	10.0%	10.8%	13.0%	13.0%	13.0%
Depreciation & Amortisation	39.5	52.3	118.0	121.8	125.8
EBIT	111.8	148.0	250.1	353.8	474.4
Interest	9.3	16.3	68.4	50.0	60.0
Other income	12.8	23.9	45.0	60.3	57.5
PBT	113.5	146.8	226.8	343.5	476.9
Tax	31.0	35.3	59.8	89.3	124.0
<i>Effective tax rate (%)</i>	<i>27.3</i>	<i>24.1</i>	<i>26.4</i>	<i>26.0</i>	<i>26.0</i>
Reported Net profit	82.5	111.5	167.0	254.2	352.9
Minority interest (MI)	12.5	18.6	36.8	34.8	58.5
Net profit after MI	69.4	92.9	130.2	219.4	294.5
Non-recurring items	-1.8	-8.8	0.0	0.0	0.0
Adj. Net profit	71.2	101.7	130.2	219.4	294.5
<i>YoY growth (%)</i>	<i>48.9%</i>	<i>43.0%</i>	<i>28.0%</i>	<i>68.5%</i>	<i>34.2%</i>

Balance Sheet

Figures in Rs cr.

Particulars	FY22	FY23	FY24	FY25E	FY26E
Cash & Bank balances	138.4	156.8	75.1	147.6	204.2
Inventories	111.8	161.1	248.8	400.9	506.0
Receivables	266.4	461.2	585.4	651.5	822.2
Other current assets	113.0	206.2	408.5	450.6	505.4
Net fixed assets	396.2	894.0	897.3	886.5	885.7
Capital WIP	12.1	12.9	35.8	75.0	50.0
Other non-current assets	101.0	292.7	347.8	567.4	656.5
Total assets	1,138.9	2,184.8	2,598.7	3,179.4	3,630.0
Payables	231.0	384.0	485.8	651.5	822.2
Borrowings	124.5	552.2	680.3	344.9	435.3
Other Current liabilities	124.4	214.3	266.1	761.0	600.0
Other non-current liabilities	54.2	185.6	153.4	198.8	250.9
Total liabilities	534.2	1,336.1	1,585.5	1,956.2	2,108.4
Share capital	13.6	13.6	13.6	13.6	13.6
Reserves & surplus	530.3	648.0	776.0	951.0	1,191.0
Shareholders' funds	543.9	661.6	789.6	964.7	1,204.6
Minority interest	60.8	187.1	223.7	258.5	316.9
Total equity & liabilities	1,138.9	2,184.8	2,598.7	3,179.4	3,630.0

Cash Flow Statement

Figures in cr.

Particulars	FY22	FY23	FY24	FY25E	FY26E
Profit Before Tax	113.5	146.8	226.8	343.5	476.9
Depreciation	39.5	52.3	118.0	121.8	125.8
Change in working capital	(31.6)	(15.1)	(54.6)	21.4	(26.9)
Total tax paid	(32.9)	(38.3)	(63.9)	(89.3)	(124.0)
Other operating activities	(1.1)	(8.5)	39.1	10.3	(2.5)
Operating CF	87.5	137.2	265.4	407.6	449.3
Capital expenditure	(46.8)	(472.2)	(148.0)	(150.0)	(100.0)
Other investing activities	(18.6)	(3.6)	(101.2)	(164.9)	(23.7)
Investing CF	(65.4)	(475.8)	(249.2)	(314.9)	(123.7)
FCF	40.7	(335.0)	117.4	257.6	349.3
Equity raised/(repaid)	0.0	0.0	0.0	0.0	0.0
Debt raised/(repaid)	52.2	415.3	101.3	80.7	(161.0)
Interest paid	(9.4)	(14.0)	(69.5)	(60.3)	(57.5)
Dividend (incl. tax)	(22.8)	(27.1)	(53.7)	(44.3)	(54.5)
Other financing activities	(10.4)	(9.4)	(17.9)	3.6	4.1
Financing CF	9.7	364.8	(39.8)	(20.3)	(268.9)
Net chg in cash balance	31.8	26.2	(23.6)	72.5	56.6
Other Bank Balance	90.0	82.2	24.1	0.0	0.0
Closing Cash & Bank balance	138.4	156.8	75.1	147.6	204.2

Key Ratios

Particulars	FY22	FY23	FY24E	FY25E	FY26E
Profitability and return ratios (%)					
Gross Margin	31.8	32.8	36.1	36.0	36.0
EBIDTA Margin	10.0	10.8	13.0	13.0	13.0
Net Profit Margin	4.7	5.4	4.5	5.9	6.3
RoE	13.2	16.9	17.9	25.0	27.1
RoCE	17.6	15.7	18.6	22.1	26.9
Per share data (Rs)					
O/s shares (cr.)	6.8	6.8	6.8	6.8	6.8
EPS	10.4	14.9	19.1	32.2	43.4
DEPS	10.4	14.9	19.1	32.2	43.4
CEPS	17.9	24.1	41.8	55.2	70.7
BVPS	79.9	97.2	115.9	141.7	177.1
DPS	3.5	4.5	5.5	6.5	8.0
Valuation ratios (x)					
PE	59.9	41.9	32.7	19.4	14.5
P/BV	7.8	6.4	5.4	4.4	3.5
EV/EBIDTA	28.1	23.2	13.2	10.3	7.8
EV/ Net sales	2.8	2.5	1.7	1.3	1.0
Other key ratios					
Net D/E (x)	0.0	0.6	0.8	0.6	0.3
Fixed Asset Turnover (x)	2.4	1.9	2.1	2.6	3.0
Debtors period (days)	59.2	71.9	67.7	65.0	65.0
Inventory period (days)	34.7	40.1	41.5	40.0	40.0
Creditors period (days)	58.6	68.1	64.7	65.0	65.0
Working Capital (days)	35.3	43.9	44.5	40.0	40.0
Du Pont Analysis - RoE					
NPM (%)	4.7	5.4	4.5	5.9	6.3
Asset turnover (x)	1.4	1.1	1.2	1.3	1.4
Equity Multiplier (x)	2.0	2.8	3.3	3.3	3.1
RoE (%)	13.1	16.7	17.7	24.7	26.8

Source: Company, SSL Research

Our recent rising star recommendations and price performance

Sr. No.	Company Name	Initiated Date	Initiated Price	CMP*	Return (%) since initiated date	High Price Since Initiation (Rs)	Return (%) based on High price since initiation	Latest reco. date	Latest Target
1	APL Apollo Tubes Ltd.	25-Apr-23	1,219.0	1,525.0	25.1	1,806.2	48.2	05-Nov-24	1,717.0
2	Stylam Industries Ltd.	27-Apr-23	1,150.0	2,400.0	108.7	2,736.0	137.9	13-Feb-24	1,886.0
3	Star Cement Ltd.	05-May-23	123.2	228.9	85.8	256.0	107.8	19-Nov-24	207.0
4	JK Lakshmi Cement Ltd.	24-May-23	705.0	853.0	21.0	1,000.0	41.8	18-Nov-24	820.0
5	Dhanuka Agritech Ltd.	29-May-23	711.0	1,500.0	111.0	1,926.4	170.9	08-Nov-24	1,982.0
6	Zen Technologies Ltd.	12-Jul-23	520.0	2,461.0	373.3	2,628.0	405.4	05-Nov-24	2,214.0
7	SJS Enterprises Ltd.	05-Oct-23	680.0	1,170.8	72.2	1,343.8	97.6	04-Nov-24	1,453.0
8	KPI Green Energy Ltd.	17-Nov-23	389.3	792.6	103.6	1,116.0	186.7	14-Nov-24	939.0
9	Syrma SGS Technology Ltd.	06-Dec-23	590.0	589.9	-0.0	705.0	19.5	29-Oct-24	610.0
10	Senco Gold Ltd.	11-Dec-23	721.6	1,058.5	46.7	1,544.0	114.0	21-Nov-24	1,376.6
11	Hi-Tech Pipes Ltd.	31-Jul-24	149.0	159.5	7.0	210.8	41.5	12-Nov-24	215.0
12	Aditya Birla Capital Ltd.	31-Oct-24	222.2	184.8	-16.8	247.0	11.2	31-Oct-24	275.0

*Closing price of 26th December, 2024

Moved to Soft Coverage

Sr. No.	Company Name	NSE Symbol	Initiated Date	Initiated Price	Close price	Return (%) since initiated date	High Price Since Initiation	Return (%) based on High price since initiation	Comments
1	Satin Creditcare Network Ltd.	SATIN	10-Jan-24	259.0	198.0	(23.6)	284.0	9.7	Exited on 27 th Sep'24 due to Microfinance industry under stress.

SBICAP Securities Limited

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