CMP: ₹ 1,700 Target: ₹ 2,035 (20%) Target Period: 12 months

BUY

June 2, 2026

Poised to outgrow industry, retain positive outlook

About the stock: Lumax Auto Technologies (LAT), est. since 1981, is a leading auto ancillary player with diversified portfolio serving both OEMs and aftermarket.

- FY26 product mix – Advance plastics: 53%, Structures & control systems: 17%, After-market: 10%, Mechatronics: 6%, Alternate fuels: 8%, Others: 7%
- FY26 OEM share of sales-M&M: 27%, Bajaj Auto: 14%, Tata: 6%, MSIL:10%

Q4FY26 Result: On the consolidated basis, total operating income for the quarter came in at ₹ 1,417 crore (up 25% YoY). EBITDA in Q4FY26 came in at ₹203 crore with corresponding EBITDA margins at 14.3% (up ~50 bps QoQ). Resultant PAT for the quarter stood at ₹88 crore (up 51% YoY). It announced a dividend of ₹5.5/share.

Investment Rationale:

- **Prominent PV ancillary, levers for industry leading growth:** Passenger Vehicle (PV) domain contributed the maximum ~53% of sales at Lumax Auto in FY26. LAT's prominent presence in PV space is resultant of its acquisition of IAC India (now a wholly owned subsidiary), which has bolstered its product portfolio, particularly in plastic interior modules, and also expanded its business with OEMs like M&M, which is outperforming in the PV space domestically. It is present in new launches such as Maruti Suzuki Victoris, M&M XUV 7XO & XEV 9S. Lumax is increasingly becoming a content-per-vehicle growth story rather than a pure auto-volume play. With ~40% of its ~₹1,450 crore order book linked to clean mobility domain, it is well-positioned to benefit from both volume growth & premiumization trends across top OEMs. We bake in 15% revenue CAGR over FY26-28E.
- **Healthy 2-W exposure and ramp up in other JVs to support growth**: With ~24% sales coming from 2W segment and Bajaj Auto as its anchor client, we expect LAT to benefit from 2-W volume recovery (supported by tailwinds from GST 2.0 reforms) as well as healthy export momentum. Furthermore, the acquisition of Green Fuel marks LAT entry into the fast-growing alternate fuel space (CNG vehicles), which clocked revenues of ₹383 in FY26. Among JVs, subsidiary like Alps Alpine is a significant growth driver with expanding product base and revenue target for Alps alone at >₹500 Cr by FY31. We bake in steady 14-15% margin profile.
- **Future Strategy: Northstar and BRIDGE Vision:** LAT continues to be guided by its "Northstar" strategic framework with long-term goals: 20%+ revenue CAGR reaching ₹11,000 crores by FY31E (15% organic revenue growth+ inorganic acquisitions), 20%+ ROCE, moving toward 20% EBITDA margins, & 20% of revenue from clean future mobility. FY26 marks the start of a new six-year growth blueprint called "BRIDGE", which aims to transition it from a Tier-1 supplier to a Tier-0.5 supplier.

Rating and Target Price

- With LATL's strong positioning in PV ancillary space, increasing premiumisation-led content gains, healthy orderbook & marquee clientele, we maintain our **BUY** rating on Lumax Auto Technologies, valuing it at **₹2,035** i.e. 32x P/E on FY28E amid 25% earnings growth over FY26-28E.

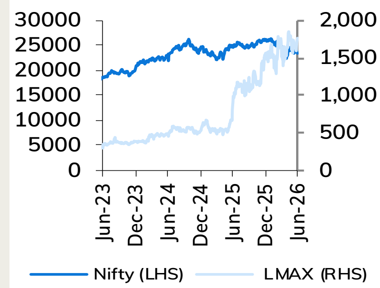
Particulars

Particulars	₹ crore
Market capitalisation	11,586
Total Debt (FY26P)	1,001
Cash & Inv. (FY26P)	346
EV (₹ crore)	12,241
52 week H/L (₹)	1,899 / 806
Equity capital (FY25)	13.6
Face value (₹)	2.0

Shareholding pattern

	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	56.0	56.0	56.0	56.0
FII	7.0	7.3	8.0	8.4
DII	16.3	16.6	16.5	16.8
Other	20.7	20.1	19.5	18.8

Price Chart



Recent event & key risks

- We expect sales, PAT at LAT to grow at CAGR of 15%, 25%, respectively, over FY26P-28E. Margins seen at ~14.5% levels
- Key Risk: (i) lower than anticipated margin recovery amid volatile RM prices (ii) slower than built in sales growth going forward

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Company Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials	FY22	FY23	FY24	FY25	FY26P	5 year CAGR (FY21-26P)	FY27E	FY28E	2 year CAGR (FY26P-28E)
Net Sales	1,507.9	1,847.5	2,821.7	3,636.7	4,870.3	34.5%	5,601.9	6,444.3	15.0%
EBITDA	151.3	200.3	368.1	464.8	658.5	46.4%	770.3	924.8	18.5%
EBITDA Margins (%)	10.0	10.8	13.0	12.8	13.5		13.8	14.4	
Net Profit	69.4	92.9	130.2	177.8	278.9	42.7%	331.9	432.6	24.6%
EPS (₹)	10.2	13.6	19.1	26.1	40.9		48.7	63.5	
P/E	166.9	124.7	89.0	65.2	41.6		34.9	26.8	
RoNW (%)	12.8	14.0	16.5	19.0	23.0		22.1	23.0	
RoCE (%)	15.0	10.0	14.5	15.8	19.0		20.9	23.5	

Source: Company, ICICI Direct Research

Key Tables & Charts

Exhibit 1: Lumax Auto Technologies- Quarterly performance

	Q4FY26	Q4FY25	YoY%	Q3FY26	QoQ%
Total Operating Income	1,416.9	1,132.9	25.1	1,270.7	11.5
Raw Material Expenses	908.7	735.6	23.5	820.3	10.8
Employee Expenses	165.9	134.5	23.3	156.2	6.2
Other Expenses	139.1	106.2	31.0	118.3	17.6
EBITDA	203.2	156.6	29.7	175.9	15.5
EBITDA Margin (%)	14.3	13.8	52 bps	13.8	50 bps
Depreciation	51.8	37.1	39.5	47.6	8.9
Interest	30.6	21.2	44.2	27.3	11.9
Other Income	5.0	9.3	-46.6	15.0	-66.9
PBT (before exceptional)	125.8	107.6	16.9	116.0	8.5
Total Tax	28.8	27.9	2.9	-7.0	-510.8
Reported PAT	88.1	58.4	50.9	82.5	6.8

Source: Company, ICICI Direct Research

Q4FY26 Con-call highlights

Business performance and growth momentum: Lumax Auto Technologies delivered its strongest-ever financial performance in FY26, crossing key milestones across revenue, profitability, and cash generation. Management attributed this outperformance to strong execution across product categories, increasing content per vehicle, and robust aftermarket growth.

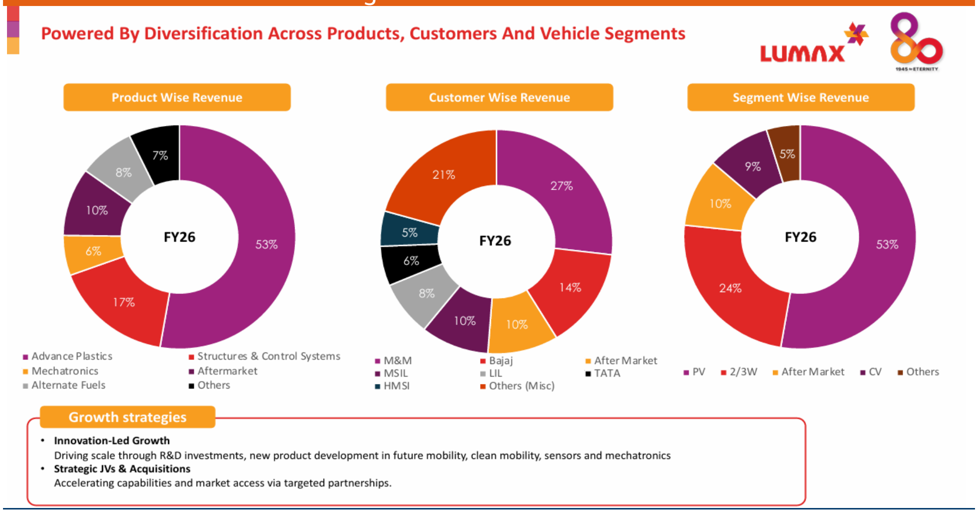
Robust ₹1,450 Crore Order Book Provides Multi-Year Visibility: The company reported an order book of approximately ₹1,450 crore, providing strong revenue visibility over the next three years. About 25% of the order book is expected to be executed in FY27, 54% in FY28, and the balance in FY29. The order pipeline remains diversified across advanced plastics, mechatronics, alternate fuel systems, structures, and control systems. Management clarified that while some orders replace existing programs, the majority represent new business wins and should help Lumax outperform industry growth over the medium term.

Margin Outlook Remains Positive Despite Cost Inflation: Management acknowledged inflationary pressures from polypropylene prices, rising labour costs due to minimum wage revisions, and higher energy expenses. However, most customer contracts include pass-through mechanisms that allow recovery of these costs, albeit with a lag of three to six months. As a result, the company remains confident of maintaining margins and even expects approximately 30 basis points of margin expansion in FY27 through operating leverage, scale benefits, and an improving business mix. Long term margin ambition of 20% remains unchanged.

Green Fuel Energy Business Continues to Scale: The Green Fuel Energy acquisition contributed ₹383 crore of revenue in FY26 and carries an order book of approximately ₹180 crore. Management remains highly positive on CNG adoption despite recent fuel price fluctuations, noting that CNG continues to offer attractive economics relative to conventional fuels. OEMs remain committed to expanding CNG portfolios, and management expects the alternate-fuel business to grow alongside increasing adoption of cleaner mobility solutions. Margins in this business are expected to remain accretive to group averages over the medium term.

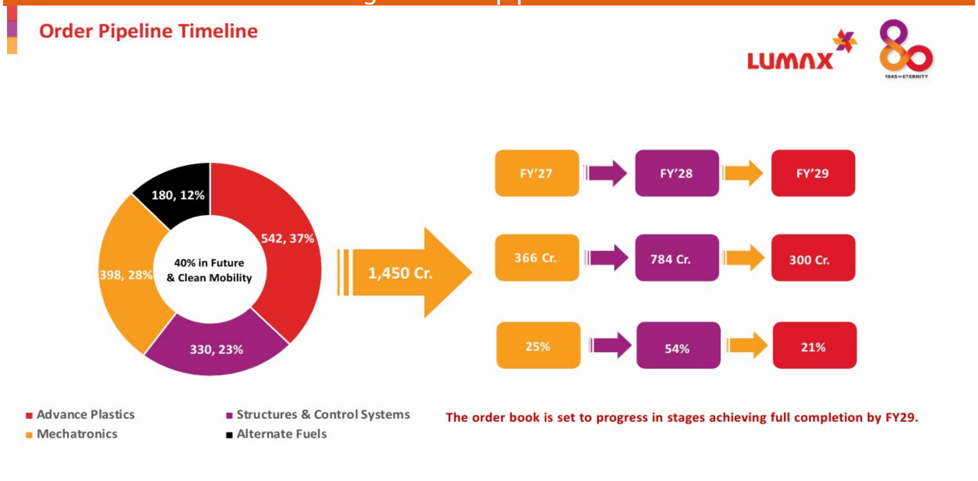
Balance Sheet and Capital Allocation: The company ended FY26 with cash reserves of ₹396 crore and long-term debt of ₹553 crore, resulting in a comfortable debt-to-equity ratio of 0.46x. Total debt stands near ₹1,000 crore at the consolidated level, largely attributable to acquisitions completed over the last two to three years. Management expects debt repayment to accelerate from FY27 onward, with internal cash generation sufficient to meaningfully reduce leverage over the next three to four years without compromising growth investments. Capex guidance for FY27 is pegged at ~₹ 300 crore.

Exhibit 2: Lumax Auto Technologies- Revenue Diversification



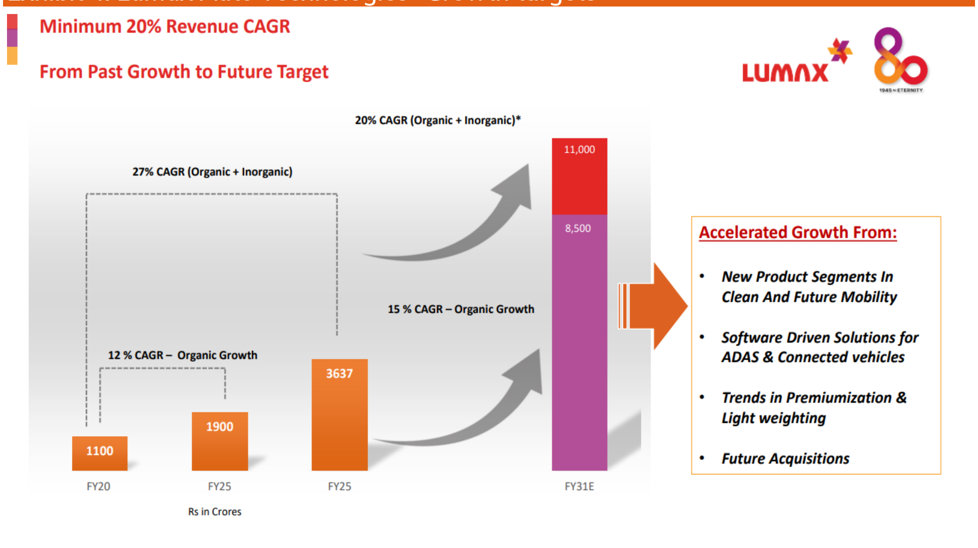
Source: Company, ICICI Direct Research

Exhibit 3: Lumax Auto Technologies- Order pipeline timeline



Source: Company, ICICI Direct Research

Exhibit 4: Lumax Auto Technologies- Growth targets



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 5: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26P	FY27E	FY28E
Net Sales	3636.7	4870.3	5601.9	6444.3
Other Operating Income	0.0	0.0	0.0	0.0
Total Operating Income	3,636.7	4,870.3	5,601.9	6,444.3
Growth (%)	28.9	33.9	15.0	15.0
Raw Material Expenses	2,345.1	3,126.9	3,599.2	4,124.3
Employee Expenses	476.4	611.9	700.2	789.4
Other Operating Expense	350.4	473.1	532.2	605.8
Total Operating Expenditure	3,171.9	4,211.8	4,831.6	5,519.5
EBITDA	464.8	658.5	770.3	924.8
Growth (%)	26.3	41.7	17.0	20.1
Depreciation	128.6	179.1	201.7	225.5
Interest	79.0	105.4	89.3	65.1
Other Income	51.0	46.4	51.4	56.4
PBT	308.2	420.4	530.7	690.6
Others	51.4	72.8	66.1	85.3
Total Tax	79.0	68.8	132.7	172.6
PAT	177.8	278.9	331.9	432.6
Growth (%)	36.6	56.9	19.0	30.3
EPS (₹)	26.1	40.9	48.7	63.5

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26P	FY27E	FY28E
Profit after Tax	177.8	278.9	331.9	432.6
Add: Depreciation	128.6	179.1	201.7	225.5
(Inc)/dec in Current Assets	-331.9	-311.6	-287.6	-283.8
Inc/(dec) in CL and Provisions	241.8	257.0	189.5	209.3
Others	79.0	105.4	89.3	65.1
CF from operating activities	295.3	508.8	524.8	648.8
(Inc)/dec in Investments	-65.9	-176.0	-7.0	-105.0
(Inc)/dec in Fixed Assets	-381.6	-374.6	-300.0	-300.0
Others	180.4	-67.7	65.1	84.3
CF from investing activities	-267.1	-618.3	-241.9	-320.7
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	88.1	232.3	-150.0	-200.0
Interest and Dividend outgo	-116.5	-142.9	-130.2	-119.6
Inc/(dec) in Share Cap	0.0	0.0	0.0	0.0
Others	4.8	34.2	0.0	0.0
CF from financing activities	-23.6	123.5	-280.2	-319.6
Net Cash flow	4.6	13.9	2.7	8.5
Opening Cash	75.1	79.6	93.6	96.3
Closing Cash	79.6	93.6	96.3	104.7

Source: Company, ICICI Direct Research

Exhibit 7: Balance Sheet ₹ crore

(Year-end March)	FY25	FY26P	FY27E	FY28E
Liabilities				
Equity Capital	13.6	13.6	13.6	13.6
Reserve and Surplus	921.1	1,196.6	1,487.6	1,865.7
Total Shareholders funds	934.7	1,210.2	1,501.2	1,879.4
Total Debt	768.4	1,000.7	850.7	650.7
Deferred Tax Liability	63.5	40.9	40.9	40.9
Minority Interest / Others	476.1	441.8	509.9	597.2
Total Liabilities	2,242.7	2,693.6	2,902.7	3,168.1
Assets				
Gross Block	1,751.4	2,129.9	2,434.9	2,739.9
Less: Acc Depreciation	611.6	790.6	992.3	1,217.8
Net Block	1,139.8	1,339.2	1,442.6	1,522.0
Capital WIP	69.2	65.4	60.4	55.4
Total Fixed Assets	1,209.0	1,404.6	1,502.9	1,577.4
Investments & Goodwill	565.4	741.5	748.5	853.5
Inventory	366.5	412.0	460.4	529.7
Debtors	792.4	1,014.9	1,227.8	1,412.4
Loans and Advances	1.7	1.8	2.1	2.4
Other Current Assets	164.0	207.5	233.4	263.0
Cash	79.6	93.6	96.3	104.7
Total Current Assets	1,404.2	1,729.7	2,020.0	2,312.2
Current Liabilities	993.4	1,249.6	1,438.5	1,647.2
Provisions	3.0	3.8	4.4	5.0
Current Liabilities & Prov	996.4	1,253.4	1,442.9	1,652.2
Net Current Assets	407.8	476.3	577.1	660.1
Others Assets	60.4	71.2	74.2	77.2
Application of Funds	2,242.7	2,693.6	2,902.7	3,168.1

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY25	FY26P	FY27E	FY28E
Per share data (₹)				
EPS	26.1	40.9	48.7	63.5
Cash EPS	45.0	67.2	78.3	96.6
BV	137.1	177.6	220.3	275.7
DPS	5.5	5.5	6.0	0.0
Cash Per Share (Incl Invst)	45.1	50.7	51.4	67.3
Operating Ratios (%)				
EBITDA Margin	12.8	13.5	13.8	14.4
PAT Margin	4.9	5.7	5.9	6.7
Inventory days	36.8	30.9	30.0	30.0
Debtor days	79.5	76.1	80.0	80.0
Creditor days	68.8	64.4	65.0	65.0
Return Ratios (%)				
RoE	19.0	23.0	22.1	23.0
RoCE	15.8	19.0	20.9	23.5
RoIC	19.2	22.8	24.6	28.4
Valuation Ratios (x)				
P/E	65.2	41.6	34.9	26.8
EV / EBITDA	25.9	18.6	15.7	12.7
EV / Net Sales	3.3	2.5	2.2	1.8
Market Cap / Sales	3.2	2.4	2.1	1.8
Price to Book Value	12.4	9.6	7.7	6.2
Solvency Ratios				
Debt/EBITDA	1.7	1.5	1.1	0.7
Debt / Equity	0.8	0.8	0.6	0.3
Current Ratio	1.8	1.7	1.8	1.8
Quick Ratio	1.3	1.3	1.3	1.3

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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