

July 28, 2017

Lumax Industries Limited

Lumax Industries Limited (“LIL” or the company) has announced its quarterly on July 22, 2017.

Q1 FY2018 Results: During Q1FY 2018, the company has reported operating income of Rs. 350.2 crore, a growth of 15% as compared to Q1 FY2017 revenues. Approximately 12% of the revenue growth was from new model launches and change in the product mix, especially from the increase in the sale of LED based lamps to 2-wheeler segment. The share of LED lamps has increased from 5% in FY2017 to 15% in Q1 FY2018. The company’s OPBITDA increased 7.2% from Rs. 24.6 crore in Q1 FY2017 to Rs. 26.4 crore in Q1 FY2018. The operating profit margin slightly declined on account of pending actualisation of price increase from customers. PAT after including profit from associates increased 17.8% on account of 93% increase in share of profit from associate because of a price increase from the OEM. The results are broadly in line with expectations.

ICRA currently has ratings outstanding of [ICRA]A+(Stable)/A1+. The rating derives comfort from LIL’s steady improvement in its financial profile as reflected by stable revenue growth, margin expansion and improved cash accruals that have supported debt repayments and resulted in overall improvement in credit metrics during FY2017.

The rating continues to factor in the strong market position of LIL in the automotive lighting system segment as a major supplier to leading domestic automobile OEMs in the passenger vehicle, two wheeler and commercial vehicle space, along with its presence in upcoming launches of its existing customers. LIL’s business position in the automotive lighting segment is also supported by its technology association with Stanley Electric Co. (Japan), which also owns 37.50% (as on March 31, 2017) stake in the company. The share of the Indian promoters in the company stands at 36.03% (as on March 31, 2017).

The company is investing in a Greenfield project in Sanand, Gujarat to cater to MSIL’s new Gujarat plant. The total capital expenditure incurred on the plant was Rs. 125 crore and it is expected to be operational by the end of November 2017.

Going forward, the ability of the company to improve profitability and reduce reliance on short-term borrowings will be a key rating sensitivity.

The previous rating rationale is available on the following link: [Click here](#)

Contact Details

Analyst Contacts

Subrata Ray
+91 22 2433 1086
subrata@icraindia.com

Shamsher Dewan
+91-124-4545 328
shamsherd@icraindia.com

Sreejan Dutta
+91-124- 4545 826
sreejan.dutta@icraindia.com

Sruthi Thomas
+91-124-4545 822
sruthi.thomas@icraindia.com

Relationship Contact

Jayanta Chatterjee
+91 80 4332 6401
jayantac@icraindia.com

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500