

## Lumax Ancillary Limited

October 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	11.00	CARE BBB (RWP)	Continues to be on Rating Watch with Positive Implications
Long Term / Short Term Bank Facilities	4.00	CARE BBB / CARE A3+ (RWP)	Continues to be on Rating Watch with Positive Implications

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to the bank facilities of Lumax Ancillary Limited (LAL) continues to be on rating watch with positive implications considering the proposed amalgamation of LAL (transferor company) with its holding company, Lumax Auto Technologies Limited (LATL; transferee company). The amalgamation is expected to yield operational efficiencies and administrative synergies through simplification of the corporate structure, integration of business functions, and unified management under the common promoter group. As both entities operate in similar lines of business within the automotive sector, the consolidation is expected to strengthen the overall business and financial profile. CARE Ratings Limited (CareEdge Ratings) will continue to monitor developments and take a final view on the ratings once the implications of the merger are clear.

Reaffirmation of ratings continues to derive strength from the experience of the promoters in the auto ancillary industry, strong parentage as LAL is part of the Lumax DK Jain Group Companies, and the group's established position in the automotive lighting segment. Ratings continue to derive comfort from the strategic location of its manufacturing units and long track record of operations with reputed clientele, primarily group entities. Lumax Ancillary Limited, being a backward-integrated company for its holding company, LATL and other group entities, mainly Lumax Industries Limited, will continue to receive financial support from these group entities whenever required. However, ratings continue to remain constrained by customer concentration risk, working capital-intensive operations, low profitability margins, the cyclical nature of the automotive industry, and moderate financial risk profile.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Completion of proposed merger with its parent entity resulting in strengthening of its business and financial risk profile.
- Significant increase in the scale of operations with PBILDT (profit before interest, lease rentals, depreciation, and taxation) margin above 6% on a sustained basis.
- Improvement in the working capital cycle with average collection period below 80 days on a sustained basis.

#### Negative factors

- Decrease in the scale of operations as marked by total operating income (TOI) falling below ₹120 crore and/or sustained subdued profitability margins.
- Any un-envisaged debt-funded capital expenditure or significant increase in debt levels deteriorating its capital structure.
- Any further increase in the exposure to group entities, leading to a deterioration in liquidity profile of the company.

**Analytical approach:** Standalone while factoring linkages with Lumax group.

Ratings factor in the high likelihood of operational support from Nahar Group entities, considering reputational and strategic importance, being a backward integration for the group entities.

**Outlook:** Not applicable

### Detailed description of key rating drivers:

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Key strengths****Experienced Promoters**

The group is led by Mr. D.K. Jain, Chairman of LATL and Chairman Emeritus of LIL, with over 60 years of experience in the automotive components industry. He is supported by Mr. Deepak Jain, Chairman & MD of LIL (~25 years of experience), and Mr. Anmol Jain, MD of LATL and Joint MD of LIL (~25 years of experience). The senior leadership team, including Mr. Raajesh Kumar Gupta (Executive Director & CS), Mr. Sanjay Mehta (Group CFO), and Mr. Naval Khanna (Group Head – Direct Taxation), along with other professionals, bring significant domain expertise to the business.

**Strong parentage and group's established position in automotive lighting segment**

LAL is part of the Lumax DK Jain Group Companies. The group is a leading manufacturer of automotive lighting components in India and holds an established market position in the automotive lighting products industry. The group mainly supplies two-wheeler/three-wheeler and passenger vehicle lighting products. It has a wide network of over 400 distributors across India for aftermarket sales. The group is a preferred supplier to original equipment manufacturers (OEMs) in India and is technically competent with in-house research and development (R&D), design centre and manufacturing capabilities.

**Long track record of operations with reputed clientele (group entities) despite revenue concentration**

The company's business risk profile continues to be supported by healthy relationships of its group companies with various OEMs. It is a tier-II company that primarily supplies products to other Lumax DK Jain Group Companies, which in turn supply to OEMs. Its major customer base includes LIL and LATL. It supplies wiring harnesses to these companies, which are used in the lighting components they manufacture, thereby providing revenue visibility over the medium term. LAL derives ~98% of its sales from group companies. Any change in the procurement policy of the group's ultimate customers may adversely impact the company's business. This also exposes the company's revenue growth and profitability to the future growth plans of its group's customers. However, the company has gradually started diversifying its customer base and has entered into the supply of wiring harnesses to electric vehicle manufacturers.

**Strategic location of manufacturing units**

The company is engaged in the manufacturing of wiring harnesses, signalling equipment and assembly of auto control cables. Its product portfolio includes side indicators, head and taillights and their assemblies, speedometer cables, among others. It has three manufacturing facilities located in automotive hubs—Bhiwadi (Rajasthan), Rudrapur (Uttarakhand) and Chakan (Pune, Maharashtra)—with an installed capacity of 4.25 crore pieces per annum for wire assembly and 1.80 crore pieces per annum for lamp assembly (as on March 31, 2025). The manufacturing units are located in proximity to the facilities of its group customers, resulting in transportation cost savings, as ~98% of total sales are made to group companies. Further, the company supplies the majority of wiring components to its group companies, leading to operational synergies across the group.

**Key weaknesses****Moderate financial risk profile**

The financial risk profile remains moderate, marked by modest net worth base and thin profitability margins. The company had a net worth of ₹50.41 crore as on March 31, 2025 (PY: ₹41.54 crore), with adjusted overall gearing at 0.96x (PY: 1.40x). In FY25 (FY refers to April 01 to March 31), interest coverage ratio stood at 5.20x (PY: 1.14x), total debt to gross cash accruals (GCA) stood at 1.99x (PY: 7.14x). The company reported healthy revenue growth in FY25, with TOI growing at a CAGR of 16% to ₹236.02 crore (PY: ₹193.10 crore). PBILDT margin improved to 6.03% in FY25 (PY: 1.75%) driven by price revision in contracts with group companies, better incentives from new suppliers, and labour cost savings from the plant relocation.

**Exposure in group companies**

LAL has invested in preference shares of group company Lumax Finance Private Limited. The value of this investment stood at ₹24.15 crore as on March 31, 2025, accounting for ~48% of tangible net worth. Adjusted net worth (after excluding the above investment) stood at ₹26.26 crore as on March 31, 2025. Any further increase in exposure to group entities will remain a key rating monitorable.

**Working capital-intensive operations**

Operations remain working capital-intensive, typical of the auto ancillary industry. The company procures most raw materials from group entities and supplies finished products to them, resulting in elongated creditor and collection cycles. Customers are offered average credit period of ~67 days, while payments to suppliers are made in ~110-130 days. The company maintains inventory of ~40-50 days on average.

**Cyclical nature of the automotive industry**

The automotive industry is cyclical, and sales of automotive component suppliers are directly linked to auto original equipment manufacturers (OEMs). The auto ancillary industry is competitive, with presence of several players in both organised and unorganised segments. While the organised segment primarily caters to OEMs, the unorganised segment serves the replacement market and tier-II and tier-III suppliers.

### Liquidity: Adequate

The liquidity profile is adequate as marked by expected GCA of ~₹12 crore against repayment obligation of ₹1.55 crore in FY26. Though, the utilization of working capital limits stood high at around 90% in trailing 12-months ended June 30, 2025, LAL derives comfort from being part of the Lumax D.K. Jain group and has operational support from parent and other group entities. The current ratio also stood moderate above unity at 1.04x as on March 31, 2025. The company has no capex plans in medium term.

### Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Auto Components & Equipments](#)

[Short Term Instruments](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Automobile and Auto Components	Auto Components	Auto Components & Equipments

LAL is part of the Lumax DK Jain Group Companies. It was initially setup as a partnership firm in the year 1981, under name of 'Lumax Engineering Works', promoted by Mr. S.C. Jain. Subsequently, the constitution was changed to Private Limited Company in February 1982, under the name 'Lumax Engineering Private Limited'. The company's name was further changed to "Lumax Ancillary Limited" in October 2011. The company is primarily engaged in the manufacturing of wiring harness and lamp lights.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	193.10	236.02	67.21
PBILDT	3.38	14.23	NA
PAT	1.64	9.73	3.19
Overall gearing (times)	0.60	0.50	NA
Interest coverage (times)	1.14	5.20	NA

A: Audited UA: Unaudited; NA: Not Available; Q1FY26 refers to April 01 to June 30; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	11.00	CARE BBB (RWP)
Non-fund-based - LT/ ST-BG/LC		-	-	-	4.00	CARE BBB / CARE A3+ (RWP)

### Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	11.00	CARE BBB (RWP)	-	1)CARE BBB (RWP) (05-Sep-24)	1)CARE BBB; Stable (04-Sep-23)	1)CARE BBB; Stable (06-Dec-22)
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	4.00	CARE BBB / CARE A3+ (RWP)	-	1)CARE BBB / CARE A3+ (RWP) (05-Sep-24)	1)CARE BBB; Stable / CARE A3+ (04-Sep-23)	1)CARE BBB; Stable / CARE A3+ (06-Dec-22)

LT: Long term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

### Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-BG/LC	Simple

### Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

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