

Samvardhana Motherson (MOTHERSO)

Strategic growth and value creation towards Vision 2030

Value unlocking - Expect many verticals to be independent from SAMIL

SAMIL in its investor meet detailed out company's vision 2030 which aims ambitious targets of USD108b in revenue, 40% ROCE while maintaining disciplined financial management, especially leverage. Key strategies include, 1) expanding into non-automotive sectors like aerospace, consumer electronics, and medical, 2) turning around non-profitable units, and 3) driving growth in emerging markets. In aerospace, the company is already tier 1 supplier developing ~6k parts with a focus on developing more complex, MRO and aftermarket opportunities. The consumer electronics segment to scale up with new facilities and vertical integration to meet global/local demand. The base business continues to grow through enhanced vertical integration in wiring harness (banking on large outsourcing opportunity), advanced vision systems and an expanded module and polySmers portfolio. We build in revenue/EBITDA/PAT CAGR of 10-14%. It currently trades at 24.3x/19.4x FY26E/FY27E consolidated EPS. We reiterate a BUY with TP of Rs118, valuing the company at 24x Mar'27E EPS. Value unlocking to remain a rerating catalyst.

Management meet and experience center visit highlights ([Link for PPT](#))

Vision 2030 - Focus on capabilities enhancement - Alongside ambitious plan of vision 2030 target (USD108b revenues, 40% ROCE, 3CX10 diversification and up to 40% of consol profit as dividend), co is geared for several milestones. These are, 1) lap up substantial non-auto opportunity in aerospace, consumer electronics and medical verticals, 2) turnaround of non-profitable units (70 as of Jul'25) and 3) Upbeat growth from emerging business and new markets like Japan and whitespace in base business and 4) Adding content and value by building new capabilities and technologies. The management reiterated disciplined financials to be continued, especially leverage.

Aerospace - the next growth frontier - The company is developing around 6,000 unique aerospace parts and is a Tier-1 supplier to Airbus and Boeing, and Tier-2 to Embraer. It operates 17 manufacturing facilities across five divisions, with propulsion as the largest. As the only Indian firm exporting aircraft components to Japan, it focuses on complex, large components and MRO parts, with growing opportunities on a platform of over 1 million parts per aircraft and interest from semiconductor suppliers.

Consumer Electronics - preparing for both global and local opportunities - With one facility operationalized to cater to large exports opportunity, co is working on largest facility over 12-18 months to cater to 2x demand from existing and new customers. The business is a vertical integration from lighting division where it has started with assembly but as backward integration it will work on glass as well. Heavy capex is done for long horizon for both global/local opportunities and competency development. The business is currently exempt from the US tariff with no change in schedules.

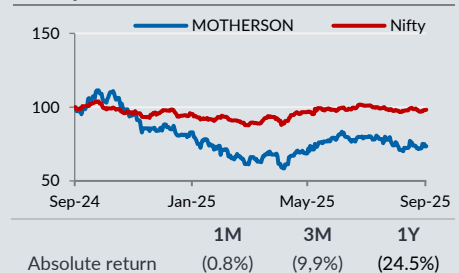
Base business has enough whitespace for secular growth - 1) **Wiring harness** - SAMIL is adding content though end to end vertical integration and localization. Our interaction indicate large harness for applications like Rolling Stock/ Aerospace (cockpit) is still done in house (50-70%) and see healthy opportunity unfolding for which co has already acquired customer plants. 2) **Vision systems** - Beyond mirror assemblies, the division is vertically integrated for components such as actuator, reflector-glass modules, lighting systems, camera modules, and control electronics. SAMIL has launched CMS for EV SUV, illuminated emblems and ambient interior lighting and advanced mirror for premium motorcycles. 3) **Modules & polymers** - Portfolio has been expanded to include exterior/interior polymer-based systems, including sunroof systems, fuel tanks and aesthetic parts. Acquired assets will complement growth [1] Dr. Schneider (air vents and decorative interiors), 2) Bolta US (chrome components), 3) Saddles (premium upholstery), 4) Yachiyo (sunroof systems and plastic fuel tanks) and others.

Recommendation	: BUY
Current Price	: Rs 95
Target Price	: Rs 118
Potential Return	: +24.3%

Stock data (as on Sept 5, 2025)

Nifty	24,741
52 Week h/l (Rs)	145 / 72
Market cap (Rs/USD mn)	995,495 / 11,292
Outstanding Shares (mn)	10,554
6m Avg t/o (Rs mn):	1,947
Div yield (%):	0.6
Bloomberg code:	MOTHERSO IN
NSE code:	MOTHERSON

Stock performance



Shareholding pattern (As of Jun'25)

Promoter	58.1%
FII+DII	33.4%
Others	8.4%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	118	118

Δ in earnings estimates

	FY26E	FY27E
EPS (New)	3.9	4.9
EPS (Old)	3.9	4.9
% change	-	-

Financial Summary

INR bn	FY25	FY26E	FY27E
Sales	1,137	1,225	1,376
EBITDA	106	115	130
Adj. PAT	39	42	52
EPS (Rs)	3.7	3.9	4.9
EPS Growth (%)	57.3	6.0	25.4
BV/Share (Rs)	25.7	17.5	19.0
RoE (%)	12.8	11.5	13.3
RoCE (%)	10.5	10.2	11.5
Payout (%)	6.2	6.9	7.0
P/E (x)	25.8	24.3	19.4
P/BV (x)	3.7	5.4	5.0
EV/EBITDA (x)	7.1	9.6	8.5
EV/Sales (x)	0.7	0.9	0.8

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Other key highlights

- **Turnaround of non-profitable operations targeted** – Co have substantially brought down EBITDA negative units to 10 in FY25 from 46 in FY25. It expects every unit to be in to green over next 2 years. Large number of red units are in Europe. With complete unit level turnaround, co is expected to get ~Rs10b boost at the PAT level.
- **Lighting value add has gone up by 10-15x** for the vertical. Part of new program for Tata Sierra (to be launched soon).
- **White space - Japan** - Focus was to expand operations in Japan meaningfully. Honda gave opportunity to SMAIL in the form of Yachiyo (Sunroof and fuel tank), Atsumitec (machined parts for 2W and PV) and Yutaka Giken.
- **Well penetrated with Chinese OEMs**– Revenues from China have grown at ~20% CAGR from FY20-25 at ~Rs140b in FY25. Currently supplying to 7 out of top 10 new EV manufacturers.
- **SAMIL has already achieved its journey from Tier 3 to Tier 0.5 suppliers.** As a logical step, it can assemble car for customers but don't want to be competitor to customer. With more and more EVs coming, OEMs would not like to assemble cars in-house. This holds true across other industries beyond automotive.

Key takeaways from a panel discussion on Aerospace industry

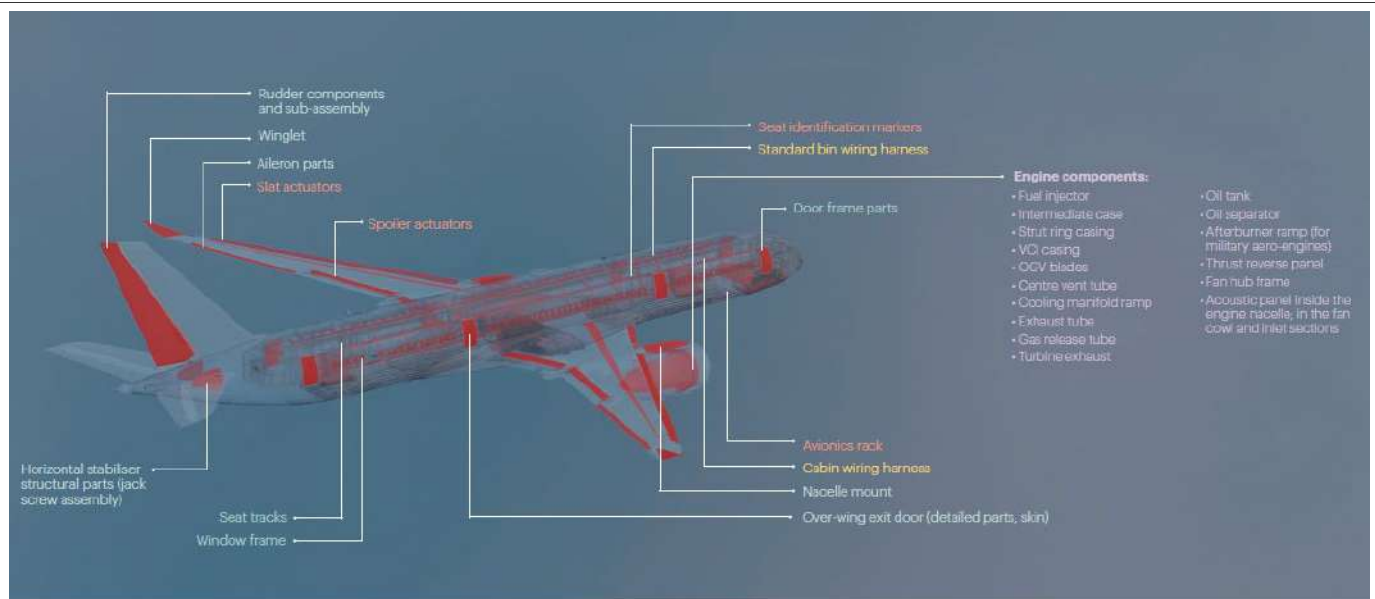
- **Only <2% of manufacturing that go into aerospace come from India.** Focus from now is to crack aerospace supply chain and right to win is solid engineering advantage and capabilities. Expect sourcing from India to only grow to ~5%. **Key risk to keep in mind is better raw material capabilities (but directionally it has kicked in) as all of it is imported across metallics and composites. Some of the higher end treatment and process capabilities.** Need to continue invest and scale capabilities like Japan, Turkey and China. Expect spend to grow 2.5x till 2030 from now.
- India is third largest market in the world. Seeing opportunity in the range of 8x only for the domestic market led by improving connectivity and infrastructure. Seeing high capital spend, sourcing of more complex parts towards India.
- **Saw Indian supplier performance on parameters such as on time delivery, quality is much better vs peers especially post covid.** Qualification for aerospace suppliers takes at least 2-3 years and higher for engines. Program lifecycle for aerospace is 20-30 years with high stickiness.
- **India is heading towards built to design solutions.** India performed well on aero structures, from basic to complex assemblies. **Question is by when India suppliers is ready to move forward to more complex parts like actuation, forward control, control etc.** which requires heavy investment (with associated risk) but with high margin.
- Motherson invested heavily to supply differently designed door panel for Airbus. **It has improved from supplying aero structures to sheet metals to hard machining. The focus is MCA (major component assemblies).**
- **MCA** – Entry barriers are even higher for new aircraft platforms. Seating systems is one of the cause of concerns for delayed aircraft delivery nowadays.
- **Motherson philosophy** – replicate automotive success and started with manufacturing small parts, on time delivery followed by acquisition of SIM tools and AD industries in France for complex parts. Motherson philosophy is ask customer for pain point and address. Believe AD industries is 20x ahead in machining vs what is present in India.
- **India vs other manufacturing base – area of improvement?** – All the players that are established in India are at par or better to global suppliers from UK, Europe etc. Gold standard for Boeing is Japan.

Exhibit 1: 5-year plan to 2030 remain ambitious yet set direction for growth intentions



Source- Company, YES Sec

Exhibit 2: Aerospace – to be the next growth frontier



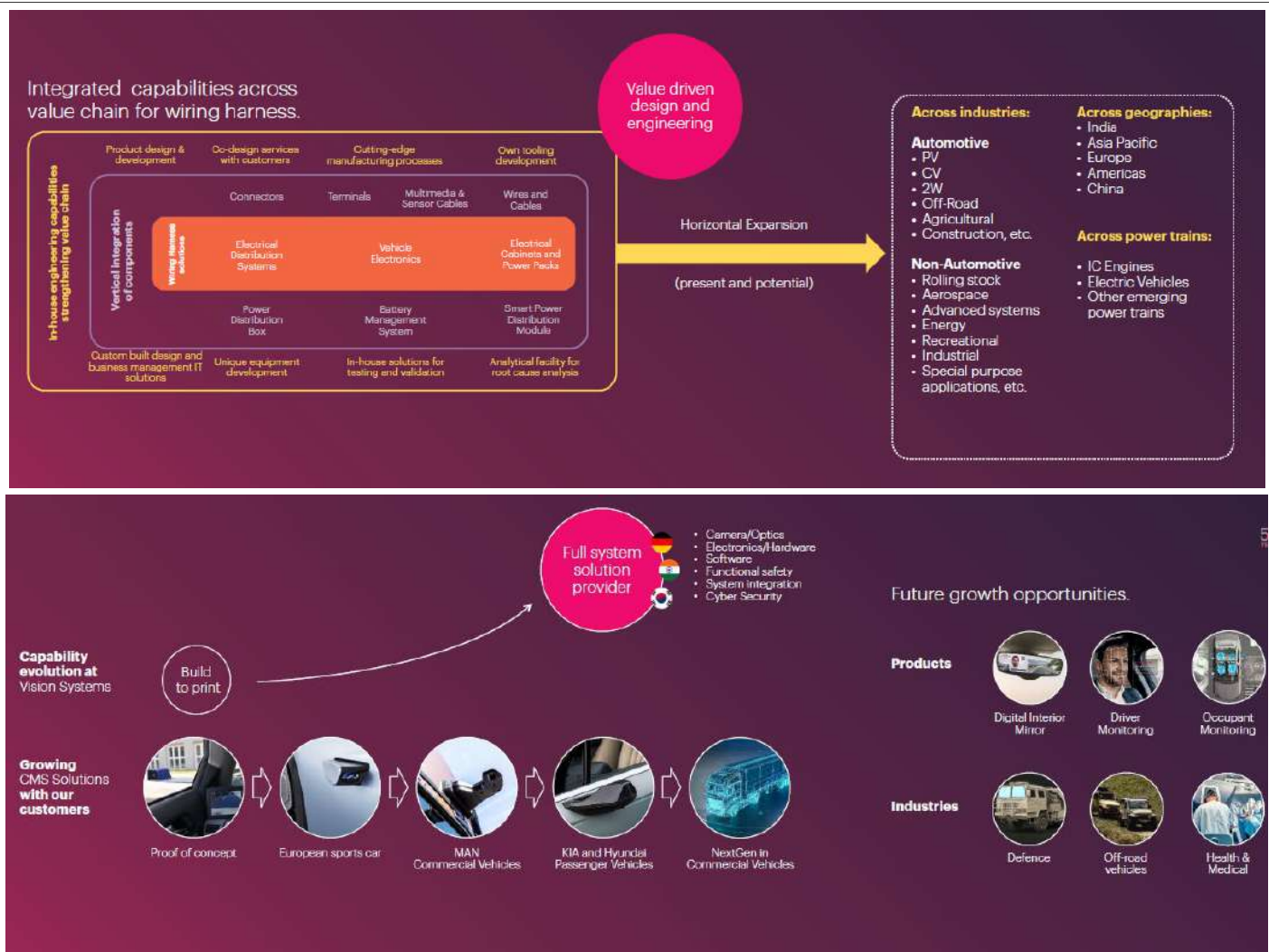
Source- Company, YES Sec

Exhibit 3: Emerging markets like Japan, India, Mexico and China to diversify from traditional ones like US and EUR



Source- Company, YES Sec

Exhibit 4: Vertical integration of base business drive content and expansion into new industries



Source- Company, YES Sec

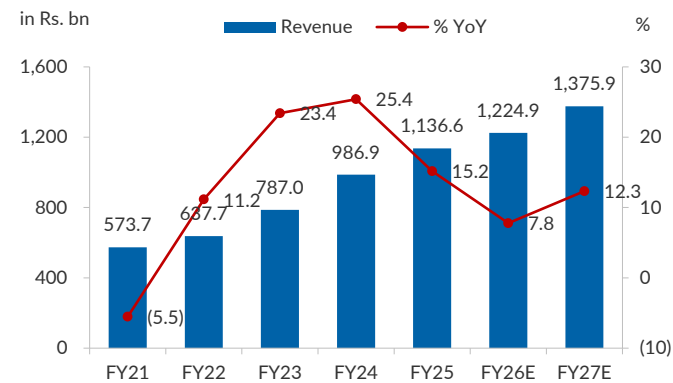
Exhibit 5: Base business offers enough whitespaces for secular growth opportunities



Source- Company, YES Sec

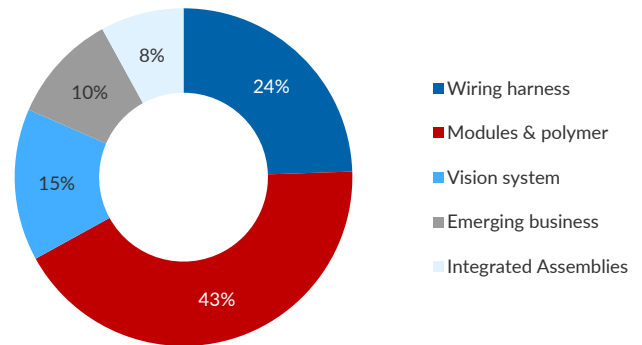
CHARTS

Exhibit 6: Cons. revenue to grow 10% CAGR in FY25-27E



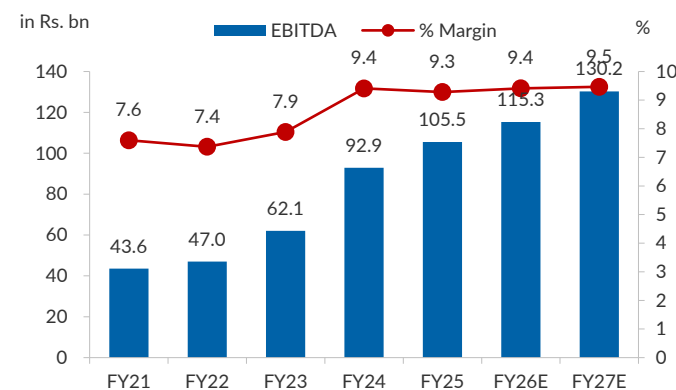
Source: Company, YES Sec

Exhibit 7: Revenue contribution for 1QFY26



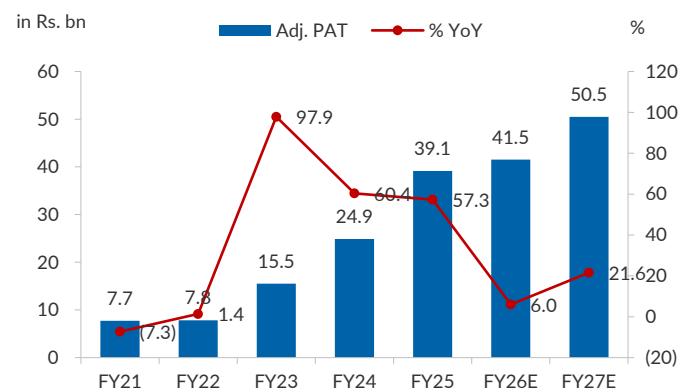
Source: Company, YES Sec

Exhibit 8: EBITDAM to remain flat over 2 years



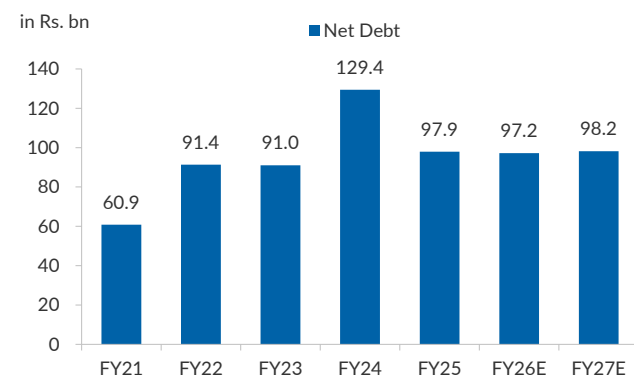
Source: Company, YES Sec

Exhibit 9: Adj.PAT to grow ~14% CAGR over FY25-27E



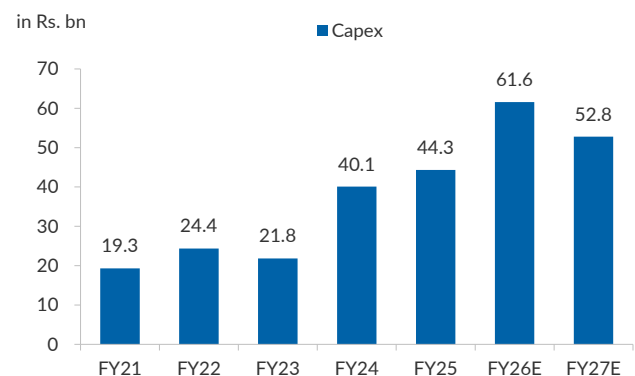
Source: Company, YES Sec

Exhibit 10: Net debt expected to remain flat



Source: Company, YES Sec

Exhibit 11: Capex spends likely to remain elevated



Source: Company, YES Sec

CONSOLIDATED FINANCIALS

Exhibit 12: Balance Sheet

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	4,518	6,776	6,776	6,776	10,673	10,673
Eq. Share Warrants & App. Money	26,303	26,303	26,303	26,303	26,303	26,303
Preference Capital	-	-	-	-	-	-
Total Reserves	175,062	191,436	228,470	315,464	336,638	369,534
Net Worth	205,882	224,515	261,549	348,543	373,614	406,510
Minority Interest	17,763	19,254	20,606	22,482	33,355	47,761
Total Loans	141,360	137,923	199,218	172,218	166,218	160,218
Deferred Tax Liabilities	(13,767)	(12,265)	(15,668)	(19,317)	(19,317)	(19,317)
Capital Employed	351,238	369,427	465,706	523,926	553,870	595,171
Gross Block	328,707	377,528	534,951	643,563	704,487	756,599
Less: Accum. Deprn.	153,581	188,778	297,074	384,205	430,658	479,526
Net Fixed Assets	175,126	188,750	237,877	259,358	273,829	277,073
Goodwill	33,743	37,726	57,501	65,540	66,195	66,857
Capital WIP	13,097	14,779	24,978	26,457	26,457	26,457
Total Investments	1,958	1,811	2,153	3,720	3,832	3,947
Curr. Assets, Loans&Adv.	194,908	227,640	350,435	381,294	391,734	425,949
Inventory	64,417	78,228	91,386	107,873	107,369	120,603
Account Receivables	65,731	85,135	156,371	174,307	178,183	200,145
Cash and Bank Balance	49,994	46,987	69,858	62,888	68,976	63,411
Loans and Advances	14,766	17,291	32,821	36,226	37,205	41,791
Curr. Liability & Prov.	197,695	236,825	368,844	385,230	380,964	377,899
Account Payables	113,603	141,363	226,172	236,692	265,095	296,906
Other Current Liabilities	77,929	89,992	131,036	136,981	103,372	66,955
Provisions	6,163	5,471	11,636	11,557	12,497	14,038
Net Current Assets	(2,787)	(9,185)	(18,409)	(3,935)	10,770	48,051
Misc Expenditure	130,102	135,546	161,606	172,786	172,786	172,786
Appl. of Funds	351,238	369,427	465,706	523,926	553,870	595,171

Source: Company, YES Sec

Exhibit 13: Income statement

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenues	637,740	787,007	986,917	1,136,626	1,224,924	1,375,899
Change (%)	11.2	23.4	25.4	15.2	7.8	12.3
Raw Materials	367,363	453,174	544,147	610,522	638,215	701,937
Employees Cost	153,746	179,314	235,385	283,870	329,289	381,975
Other Expenses	69,637	92,442	114,519	136,715	142,116	161,739
Total Expenditure	590,746	724,929	894,051	1,031,107	1,109,620	1,245,650
% of Sales	92.6	92.1	90.6	90.7	90.6	90.5
EBITDA	46,994	62,077	92,866	105,519	115,305	130,249
Margin (%)	7.4	7.9	9.4	9.3	9.4	9.5
Depreciation	29,582	31,358	38,105	44,934	46,453	48,868

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
EBIT	17,412	30,719	54,761	60,585	68,852	81,381
Intrest Charges	5,426	7,809	18,112	18,824	11,897	9,848
Other Income	4,957	2,570	1,876	5,577	6,135	6,748
PBT bef. EO Exp.	16,942	25,480	38,525	47,338	63,089	78,281
EO Items	(321)	(1,432)	(123)	5,275	(1,365)	-
PBT after EO Exp.	16,622	24,048	38,402	52,613	61,725	78,281
Total Tax	6,068	7,352	8,206	11,156	16,666	19,570
Tax Rate (%)	36.5	30.6	21.4	21.2	27.0	25.0
Minority Interest	2,917	2,178	5,409	(1,848)	4,542	6,652
Reported PAT	7,636	14,518	24,786	43,305	40,517	52,059
Adjusted PAT	7,840	15,513	24,883	39,149	41,513	52,059
Change (%)	1.4	97.9	60.4	57.3	6.0	25.4
Margin (%)	1.2	2.0	2.5	3.4	3.4	3.8

Source: Company, YES Sec

Exhibit 14: Cash Flow Statement

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	19,088	24,048	38,402	52,613	61,725	78,281
Depreciation	29,964	31,358	38,105	44,934	46,453	48,868
Interest & Finance Charges	4,346	7,106	16,629	16,519	11,897	9,848
Direct Taxes Paid	(8,324)	(8,535)	(14,353)	(18,198)	(16,666)	(19,570)
(Inc)/Dec in WC	(20,785)	(6,846)	(674)	(20,783)	(8,617)	(42,846)
CF from Operations	24,288	47,132	78,109	75,085	94,792	74,581
Others	339	(701)	(2,419)	(12,223)	(6,330)	(7,754)
CF from Operating incl EO	24,627	46,431	75,689	62,862	88,462	66,827
(Inc)/Dec in FA	(24,363)	(21,829)	(40,101)	(44,330)	(61,579)	(52,774)
Free Cash Flow	264	24,602	35,589	18,532	26,882	14,053
(Pur)/Sale of Investments	136	(279)	(1,958)	(1,869)	(112)	(115)
Others	1,109	(341)	(24,559)	(2,417)	-	-
CF from Investments	(23,119)	(22,449)	(66,618)	(48,616)	(61,691)	(52,889)
Issue of Shares	-	-	-	-	(0)	-
Inc/(Dec) in Debt	2,456	(10,561)	40,377	7,193	(6,000)	(6,000)
Interest Paid	(5,528)	(8,083)	(15,096)	(18,311)	(11,897)	(9,848)
Dividend Paid	(6,457)	(3,308)	(6,751)	(7,463)	(2,786)	(3,655)
Others	(2,644)	(5,389)	(5,722)	(6,927)	-	-
CF from Fin. Activity	(12,173)	(27,341)	12,807	(25,507)	(20,683)	(19,503)
Inc/Dec of Cash	(10,665)	(3,360)	21,879	(11,261)	6,088	(5,565)
Opening Balance	59,062	49,994	46,987	69,858	62,888	68,976
Closing Balance	48,397	46,635	68,865	58,597	68,976	63,411

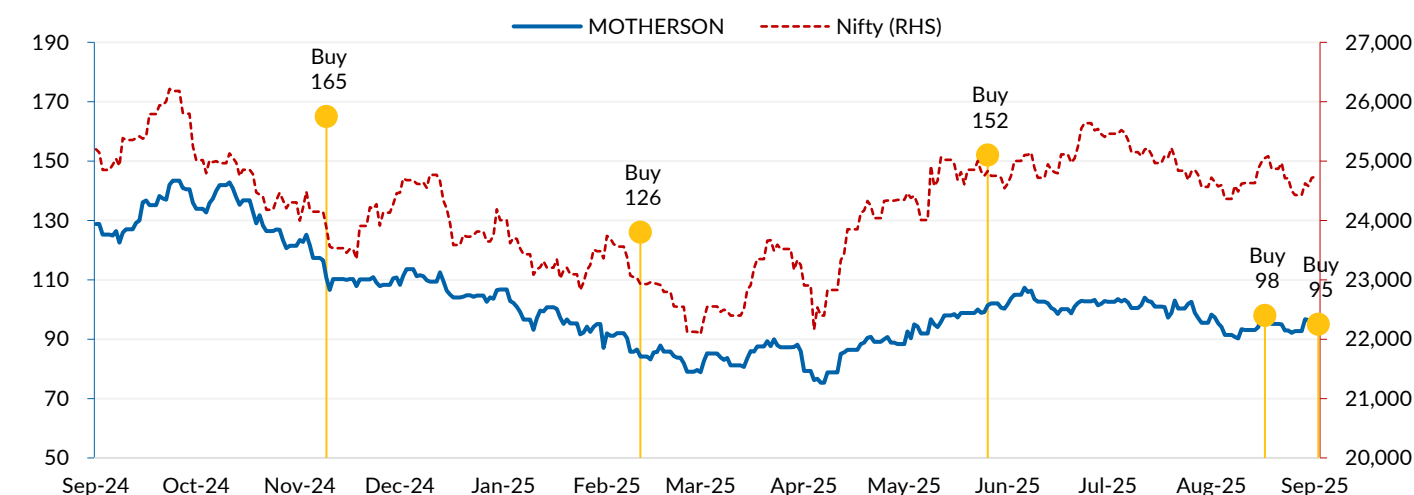
Source- Company, YES Sec

Exhibit 15: Growth and Ratio matrix

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)						
EPS	0.7	1.5	2.3	3.7	3.9	4.9
Cash EPS	3.1	2.4	3.5	5.3	3.4	4.0
BV/Share	22.8	16.6	19.3	25.7	17.5	19.0
DPS	0.5	0.3	0.4	0.4	0.3	0.3
Payout (%)	53.8	14.1	10.2	6.2	6.9	7.0
Valuation (x)						
P/E	128.8	65.1	40.6	25.8	24.3	19.4
P/BV	4.2	5.7	4.9	3.7	5.4	5.0
EV/Sales	0.8	0.9	0.8	0.7	0.9	0.8
EV/EBITDA	11.0	11.8	8.3	7.1	9.6	8.5
Dividend Yield (%)	0.5	0.3	0.4	0.4	0.3	0.4
FCF per share	0.1	3.6	5.3	2.7	2.5	1.3
Return Ratios (%)						
RoE	4.7	7.2	10.2	12.8	11.5	13.3
RoCE (post-tax)	4.5	6.4	10.7	10.5	10.2	11.5
RoIC	4.5	7.2	12.8	11.9	11.4	12.8
Working Capital Ratios						
Fixed Asset Turnover (x)	1.9	2.1	1.8	1.8	1.7	1.8
Asset Turnover (x)	1.8	2.1	2.1	2.2	2.2	2.3
Inventory (Days)	36.9	36.3	33.8	34.6	32.0	32.0
Debtor (Days)	37.6	39.5	57.8	56.0	53.1	53.1
Creditor (Days)	65.0	65.6	83.6	76.0	79.0	78.8
Leverage Ratio (x)						
Current Ratio	1.0	1.0	1.0	1.0	1.0	1.1
Interest Cover Ratio	3.2	3.9	3.0	3.2	5.8	8.3
Net Debt/Equity	0.4	0.4	0.5	0.3	0.3	0.2

Source- Company, YES Sec

Recommendation Tracker



Source - YES Sec

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Analyst signature

Analyst signature

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