

SAMVARDHANA MOTHERSON

COMPANY UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	95
12 month price target (INR)	110
52 Week High/Low	145/72
Market cap (INR bn/USD bn)	998/11.3
Free float (%)	41.8
Avg. daily value traded (INR mn)	1,619.7

SHAREHOLDING PATTERN

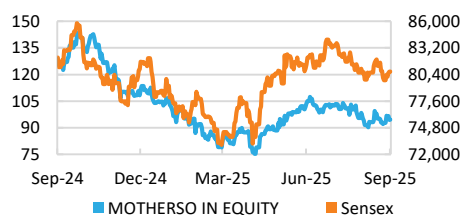
	Jun-25	Mar-25	Dec-24
Promoter	48.60%	58.13%	58.12%
FII	12.63%	12.42%	14.31%
DII	20.69%	20.96%	19.20%
Pledge	2.90%	2.42%	2.42%

FINANCIALS

(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	1,136,626	1,204,078	1,259,785	1,350,888
EBITDA	105,519	110,345	119,402	129,497
Adjusted profit	38,030	39,156	45,097	51,770
Diluted EPS (INR)	3.6	3.7	4.3	4.9
EPS growth (%)	23.5	3.0	15.2	14.8
RoAE (%)	12.5	10.8	11.4	11.9
P/E (x)	26.2	25.4	22.1	19.2
EV/EBITDA (x)	0.8	0.7	0.6	0.5
Dividend yield (%)	0.6	0.7	1.0	1.3

PRICE PERFORMANCE



Targeting USD108bn sales at a 33% CAGR

We attended the Vision 2030 meet. Highlights: i) Management is targeting sales of USD108bn (CAGR of 33% till FY30), with RoCE/dividend payout of 40%. ii) Notable portion (up to 75%) of incremental revenue is likely from acquisitions. iii) For value unlocking, more entities are likely to be listed once they become self-sustainable, similar to Motherson Wiring. iv) SAMIL aims to progress from integrated assemblies to vehicle assembly by 2030, leading to higher content. v) Led by a USD1bn-plus order book, aerospace sales are set to grow at least 2.5x by FY30. vi) In consumer electronics, SAMIL is on track for all plants to commence by FY27 at a capex of INR26bn.

Retain 'BUY' with a Sep-26E TP of INR110, implying blended PE of 24x.

Revenue vision of USD108bn implies a 33% CAGR till FY30

Management has unveiled a plan for Motherson Group (includes SAMIL and Motherson Wiring), setting an ambitious target to scale up gross revenue to USD108bn by FY30, up from USD25.7bn in FY25—implying a robust ~33% CAGR over the period. The aim is to deliver 40% consolidated RoCE (versus 18% in FY25) while reinforcing diversification through its 3CX10 principle, which ensures that no single country, customer or component accounts for more than 10% of revenue. Moreover, SAMIL intends to maintain a dividend payout ratio of up to 40%. The notable portion (up to 75%) of incremental revenue is likely to come from acquisitions across auto and non-auto segments. Over the past five decades, SAMIL has progressed from component manufacturing to integrated assemblies. The next logical step is full vehicle assembly by 2030, enabling access to the entire automotive supply chain.

Diversification into emerging businesses to drive growth

Diversification efforts into emerging segments (auto and non-auto categories) are gaining momentum with the business delivering stellar 41% growth in FY25 driven by successful acquisitions/tie-ups (Irillic, Cirma, AD Industries and BIEL) and the scale up of the aerospace and consumer electronics businesses. The aerospace division supplies over 6,000 parts per aircraft to both Airbus and Boeing, supported by 17 facilities across four countries and a USD1bn-plus order book, with 2.5x growth likely by FY30. In consumer electronics, half of the total capex of INR26bn has already been incurred while the mega Chennai plant is likely to be commissioned by mid-CY26. We reckon an emerging business revenue CAGR of 23% over FY25–28E.

Large OB, better content and inorganic efforts to drive growth

We are building in revenue/earnings CAGR of 6%/11% over FY25–28E, supported by pending orders, higher content and inorganic initiatives. The order book is large with booked business at USD88.1bn in Mar-25. Content per vehicle is likely to increase on the back of premiumisation and electrification in both domestic and overseas markets. Moreover, an upside to assumptions is possible as management is exploring inorganic opportunities across the auto and non-auto segments.

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	1,136,626	1,204,078	1,259,785	1,350,888
Gross profit	526,104	561,571	588,984	630,336
Employee costs	283,870	306,737	319,668	341,434
Other expenses	136,715	144,489	149,914	159,405
EBITDA	105,519	110,345	119,402	129,497
Depreciation	44,934	49,830	54,145	58,529
Less: Interest expense	18,824	16,917	14,822	12,722
Add: Other income	5,577	5,856	6,149	6,456
Profit before tax	52,613	55,118	63,021	71,913
Prov for tax	11,156	12,363	14,146	16,176
Less: Other adj	0	(1,550)	0	0
Reported profit	38,030	40,706	45,097	51,770
Less: Excp.item (net)	0	0	0	0
Adjusted profit	38,030	39,156	45,097	51,770
Diluted shares o/s	10,555	10,555	10,555	10,555
Adjusted diluted EPS	3.6	3.7	4.3	4.9
DPS (INR)	0.6	0.7	0.9	1.2
Tax rate (%)	21.2	22.4	22.4	22.5

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Gross profit margin (%)	46.3	46.6	46.8	46.7
Staff cost % sales	25.0	25.5	25.4	25.3
Other expenses % sales	12.0	12.0	11.9	11.8
EBITDA margin (%)	9.3	9.2	9.5	9.6
Net profit margin (%)	3.3	3.3	3.6	3.8
Revenue growth (% YoY)	15.2	5.9	4.6	7.2
EBITDA growth (% YoY)	13.6	4.6	8.2	8.5
Adj. profit growth (%)	28.2	3.0	15.2	14.8

Assumptions

Year to March	FY25A	FY26E	FY27E	FY28E
Wiring harness	328,612	340,987	354,792	382,203
Modules and polymer	598,059	608,800	628,960	671,358
Vision systems	195,057	199,491	205,847	216,495
Integrated assemblies	101,091	101,941	105,008	112,385
Emerging businesses	114,180	167,983	190,750	213,562

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	26.2	25.4	22.1	19.2
Price/BV (x)	2.9	2.6	2.4	2.2
EV/EBITDA (x)	0.8	0.7	0.6	0.5
Dividend yield (%)	0.6	0.7	1.0	1.3

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	7,037	10,555	10,555	10,555
Reserves	341,767	368,415	403,591	442,419
Shareholders funds	348,804	378,970	414,146	452,973
Minority interest	22,482	26,080	29,858	33,825
Borrowings	146,437	135,513	111,513	100,513
Trade payables	377,304	399,695	418,187	448,429
Other liabs & prov	9,034	10,438	11,598	13,495
Total liabilities	904,060	950,696	985,302	1,049,236
Net block	324,898	335,068	345,923	352,394
Intangible assets	65,540	65,540	65,540	65,540
Capital WIP	26,457	26,457	26,457	26,457
Total fixed assets	351,355	361,525	372,380	378,851
Non current inv	72,906	92,906	112,906	132,906
Cash/cash equivalent	62,888	54,614	37,931	41,978
Sundry debtors	193,284	204,754	214,227	229,720
Loans & advances	654	693	725	777
Other assets	194,866	206,430	215,980	231,599
Total assets	904,060	950,696	985,302	1,049,236

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	52,613	53,568	63,021	71,913
Add: Depreciation	44,934	49,830	54,145	58,529
Interest (net of tax)	16,519	16,917	14,822	12,722
Others	(12,223)	(1,459)	(2,482)	(3,021)
Less: Changes in WC	(20,783)	(946)	(781)	(1,277)
Operating cash flow	62,862	105,547	114,579	122,690
Less: Capex	(45,610)	(60,000)	(65,000)	(65,000)
Free cash flow	17,252	45,547	49,579	57,690

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	12.5	10.8	11.4	11.9
RoCE (%)	13.6	12.5	13.0	13.5
Inventory days	60	63	64	63
Receivable days	59	60	61	60
Payable days	221	221	223	219
Working cap (% sales)	(1.1)	(1.1)	(1.1)	(1.1)
Gross debt/equity (x)	0.4	0.3	0.3	0.2
Net debt/equity (x)	0.2	0.2	0.2	0.2
Interest coverage (x)	3.2	3.6	4.4	5.6

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	23.5	3.0	15.2	14.8
RoE (%)	12.5	10.8	11.4	11.9
EBITDA growth (%)	13.6	4.6	8.2	8.5
Payout ratio (%)	15.7	18.3	22.0	25.0

Vision 2030 meet: Key takeaways

- **About Vision 2030:** Management has unveiled a plan for the Motherson Group (includes SAMIL and Motherson Wiring), setting an ambitious target to scale up gross revenue to USD108bn by FY30, up from USD25.7bn in FY25—implying a robust ~33% CAGR over the period. The aim is to deliver 40% consolidated RoCE (versus 18% in FY25) while reinforcing diversification through its 3CX10 principle, which ensures no single country, customer, or component accounts for more than 10% of revenue. Furthermore, SAMIL intends to maintain a dividend payout ratio of up to 40%. The notable portion (up to 75%) of incremental revenue is likely to come from acquisitions across the auto and non-auto segments.
- **Value unlocking:** Similar to Motherson Wiring, more entities are likely to be listed once they become self-sustainable.
- **Vision 2025 scorecard:** i) **Industry versus Motherson:** Automotive production decreased through the first half of Vision 2025 and has yet to return to earlier levels with cumulative volumes falling short by nearly 60mn units versus 2020 projections. Despite these disruptions, Motherson maintained its long-term targets, focusing instead on turning around underperforming units and expanding strategically.

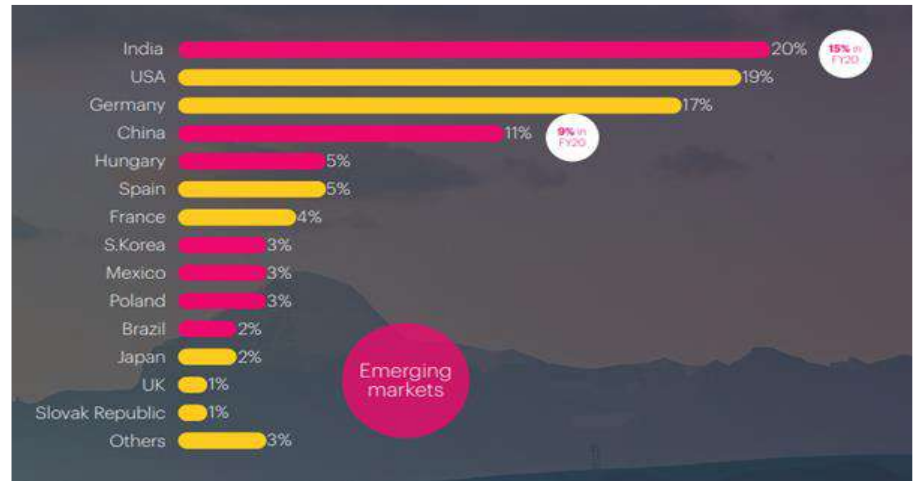
Exhibit 1: Reduction of EBITDA negative units by 78%



Source: Company, Nuvama Research

- ii) **Expansion:** The Group invested in 37 greenfield facilities worldwide, including 36 in emerging markets, which strengthened its presence in India (20% in FY25 from 15% in FY20) and China (11% from 9%).

Exhibit 2: Increasing share of revenue from emerging markets



Source: Company, Nuvama Research

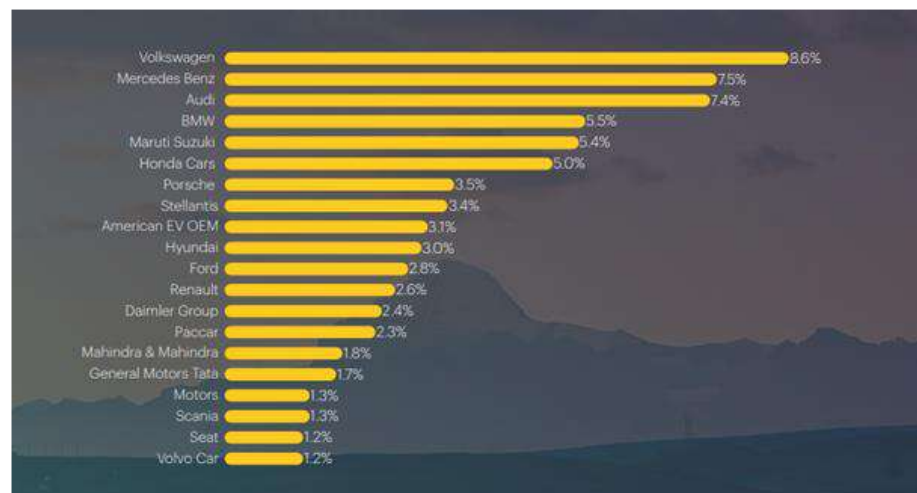
iii) **Inorganic initiatives:** The company also made a record 23 acquisitions during the plan period and successfully achieved its diversification benchmark, ensuring that no customer contributes more than 10% of revenue. Over 40 marquee customer groups were added, with more than half from new industries.

Exhibit 3: Robust M&M evaluation framework



Source: Company, Nuvama Research

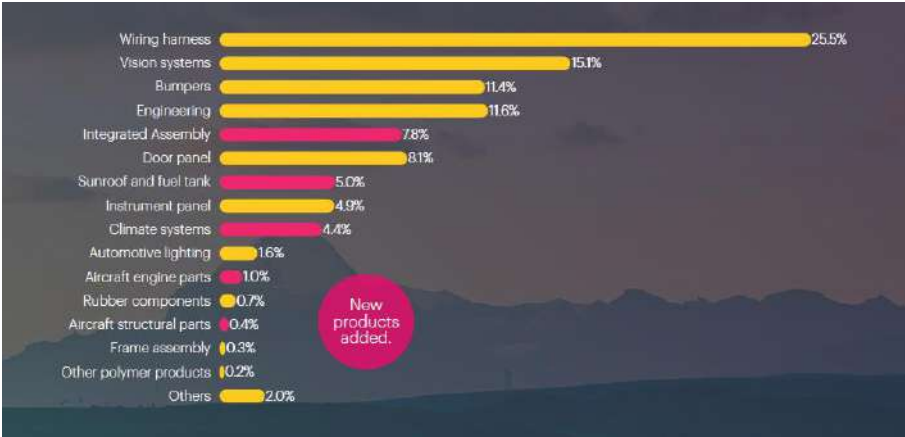
Exhibit 4: Customer mix exhibiting 3CX10 principle



Source: Company, Nuvama Research

iv) **Product additions:** Diversification into new components and industries, covering integrated assemblies, sunroofs, fuel tanks, climate systems, aircraft engines and structural parts.

Exhibit 5: New products across auto and non-auto



Source: Company, Nuvama Research

- **Moving up the value chain:** Over the past five decades, Motherson has progressed from component manufacturing to products, systems and integrated assemblies. The next logical step is full vehicle assembly by 2030, enabling access to the entire automotive supply chain.

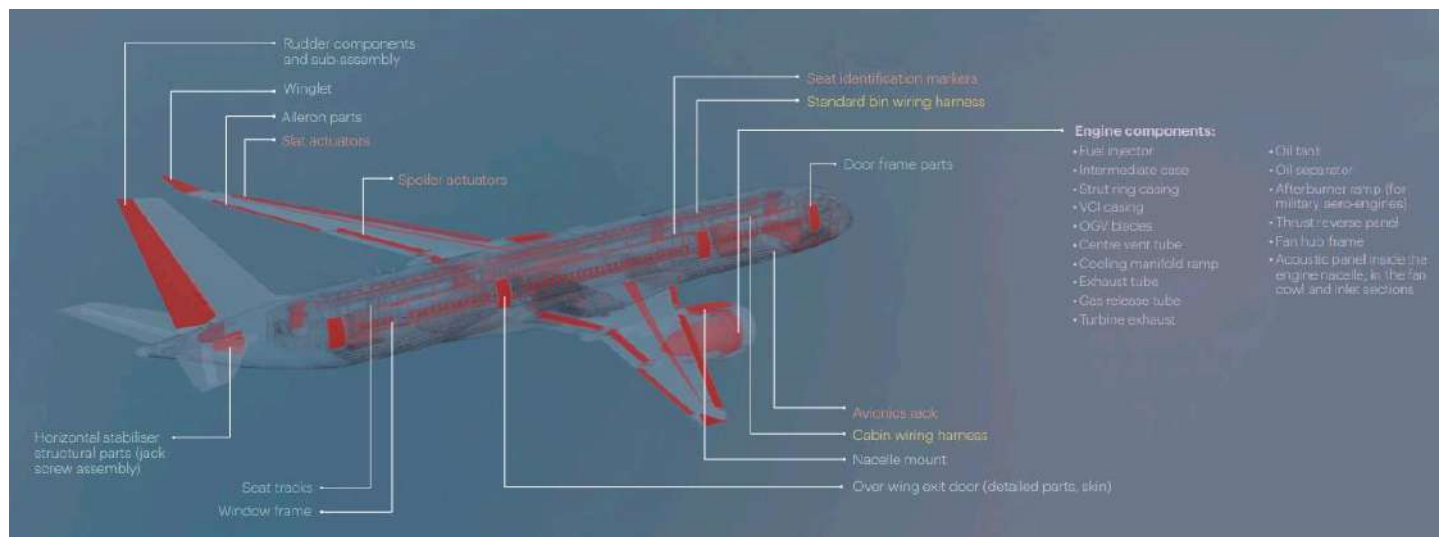
Exhibit 6: Moving up the value chain, aiming at full car assembly by 2030



Source: Company, Nuvama Research

- **Aerospace:** SAMIL is a trusted partner to global OEMs—every Airbus and Boeing commercial aircraft carries a SAMIL part. Given 17 facilities in four countries, the business currently supplies over 6,000 parts out of over a million possible parts in an aircraft, ranging from nose to tail, with propulsion systems as the largest segment. Backed by an USD1bn-plus order book, the aerospace division is set to grow at least 2.5x by FY30. The Group has also entered the maintenance, repair, overhaul (MRO) segment, signing two customers while continuing to leverage its capabilities for expansion.

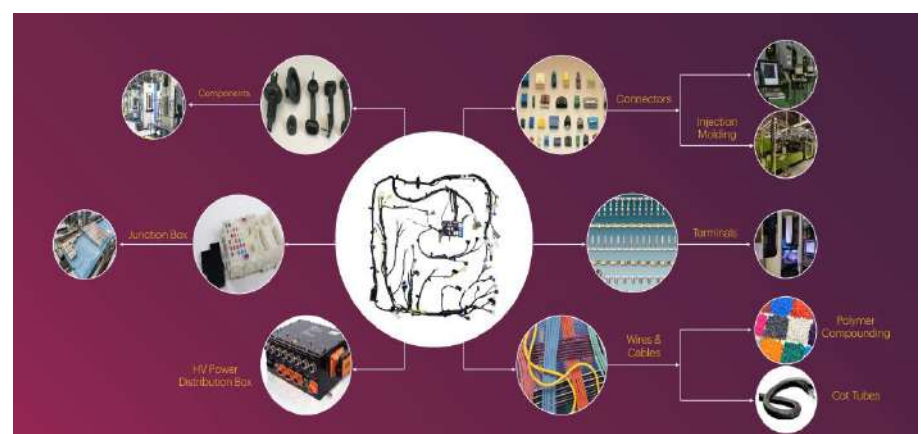
Exhibit 7: Supplying 6,000-plus parts in an aircraft, from nose to tail



Source: Company, Nuvama Research

- **Consumer electronics:** Half the total capex of INR26bn has already been incurred with the project progressing as planned. Customer's order remains unaffected and the large capacity addition is on schedule to be commissioned by mid-CY26.
- **Increasing content and value:** i) **Wiring harness:** SAMIL has built end-to-end vertical integration and localisation capabilities across the wiring harness value chain—from components, connectors, terminals, wires and polymer compounding to power distribution and vehicle electronics. This enables deeper content per vehicle, cost efficiency and application across automotive and non-automotive industries. ii) **Vision systems:** The business has evolved from build-to-print solutions to becoming a full system solution provider, integrating cameras/optics, electronics, hardware, software, functional safety and cybersecurity. This positions SAMIL to capture future growth in digital mirrors, driver/occupant monitoring and healthcare/defence applications.

Exhibit 8: End-to-end vertical integration and localisation in wiring harness



Source: Company, Nuvama Research

Exhibit 9: Future growth opportunities in vision systems



Source: Company, Nuvama Research

- **Strong foothold in China:** SAMIL has established a robust presence in China with 33 facilities across five product lines, supported by a workforce of over 13,000 employees and five joint ventures. The company supplies to seven of the top ten NEV manufacturers and has delivered impressive growth with revenue growing at a 20% CAGR to USD140bn in FY25 from USD57bn in FY20. Key local customers include Changan, Chery, Dongfeng, SAIC, Geely and Xiaomi.

Exhibit 10: Key Chinese customers



Source: Company, Nuvama Research

- **Acquisition of stake in Yutaka:** SAMIL, through subsidiary Motherson Global Investments (MGI), shall acquire an 81% stake with voting rights in Yutaka (YGCL) and 11% in Shinnichi (subsidiary of YGCL, with 62% stake). Honda currently owns 69.66% stake in YGCL with the balance held by public. The objective is to strengthen the partnership with Honda and help expand the share of business with Japanese OEMs. The acquisition would enable the company to potentially cross-sell the existing product portfolio to other OEMs, especially in emerging markets. YGCL is engaged in production of metal components and assemblies

including rotors and stator assemblies for motors (for e-HEV), drive systems, brake systems and thermal management systems. It caters to PV, CV and ATV segments.

- **Impact of tariffs:** US tariffs shall have no material impact on SAMIL, as the Group follows a local-for-local model—sourcing, producing and supplying within key markets.

Exhibit 11: Scorecard of past five-year plans

Period	Parameter	Targets	Achievements
2020-2025	Consolidated revenue (USD bn)	36.0	25.7 [^]
	Diversification	3CX10	Largest - customer 9%, contributing country 20%, component 25.5%
	New Divisions	Revenue mix: 75% auto, 25% non-auto	Revenue mix: 95.5% auto, 4.5% non-auto
	ROCE (%)	40	18.4
	Dividend payout ratio (%)	40	29
2015-2020	Consolidated revenue (USD bn)	18.0	8.9 [#]
	Diversification	3CX15	Largest - customer 13.9%, contributing country 21.9%, component 25.3%
	ROCE (%)	40	10 [*]
	Dividend payout ratio (%)	40	49
2010-2015	Consolidated revenue (USD bn)	5.0	5.5
	Export revenue (%)	70	85
	Geographical presence (countries)	26-27	25
	ROCE (%)	40	26
	Dividend payout ratio (%)	40	37
2005-2010	Consolidated revenue (USD bn)	1.0	1.5
	Export revenue (%)	60	70
	Largest customer revenue share (%)	<20	15
	ROCE (%)	40	22
	Dividend payout ratio (%)	40	32
2000-2005	Consolidated revenue (USD mn)	229.0	235.0
	Export revenue (%)	30	29
	Largest customer revenue share (%)	<25	27
	ROCE (%)	40	39
	Dividend payout ratio (%)	40	43
1995-2000	Consolidated revenue (USD mn)	28.7	35.1
	Export revenue (%)	1.0	0.1

Source: Company, Nuvama Research

[^] including pro forma impact of Atsumitec which was finalised in Mar-25.

^{*} including greenfield and acquisition

[#] including revenues netted on implementation of Ind-AS 115 w.e.f April 1, 2018

SAMVARDHANA MOTHERSON

Exhibit 12: Key revenue assumptions: 6% CAGR over FY25–28E

Revenue (INR mn)	FY25	FY26E	FY27E	FY28E	FY25-28E CAGR (%)
Wiring harness	328,612	340,987	354,792	382,203	5
Growth (%)	4	4	4	8	
Modules and polymer products	598,059	608,800	628,960	671,358	4
Growth (%)	20	2	3	7	
Vision systems	195,057	199,491	205,847	216,495	4
Growth (%)	2	2	3	5	
Integrated assemblies	101,091	101,941	105,008	112,385	4
Growth (%)	48	1	3	7	
Emerging businesses	114,180	167,983	190,750	213,562	23
Growth (%)	41	47	14	12	
Total	1,336,998	1,419,201	1,485,357	1,596,002	6
Less: Inter segment	47,546	50,469	52,822	56,756	
Inter segment as % of total sales	4	4	4	4	
Less: consolidation as per equity method	152,827	164,654	172,750	188,357	
Share of total revenue (%)	11	12	12	12	
Total	1,136,626	1,204,078	1,259,785	1,350,888	6
Growth (%)	15	6	5	7	

Source: Company, Nuvama Research

Exhibit 13: SotP at INR110/share

Particulars (INR mn)	EBITDA (INR mn) Sep-27E	EV/EBITDA multiple (x)	EV (INR mn)	Value/share
Wiring harness	44,727	9.0	402,539	38
Vision systems	22,279	10.0	222,791	21
Modules and polymer products	47,797	8.0	382,378	36
Integrated assemblies	13,341	8.0	106,727	10
Emerging businesses	21,644	15.0	324,654	31
Others	(25,338)	9.0	(228,043)	(22)
Total EBITDA	124,449	9.7	1,211,047	115
Net debt			89,518	(8)
Equity value			1,121,528	106
33% Stake of Motherson Wiring			43,956	4
Total			1,165,484	110

Source: Nuvama Research

Company Description

Samvardhana Motherson International (SAMIL) is the flagship company of Samvardhana Motherson Group (SMG). With presence across countries, the group supplies to all major automobile manufacturers across the world. SAMIL can be regarded as inorganic growth specialist. SAMIL has been consistently making acquisitions – major ones include Visiocorp (now renamed SMR) in Mar-09, Peguform (now renamed SMP) in Nov-11 where revenues doubled in five years, along with turnaround in profitability. Over time, SAMIL has made over 45 acquisitions, and has been successful in both, integration and value creation.

Investment Theme

We reckon a revenue CAGR of 6% over FY25–28E, supported by pending orders, higher content per vehicle and inorganic initiatives. The order book is large with booked business at USD88.1bn in Mar-25. Within the order book, the share of EV was 24%. Content per vehicle is likely to further increase on premiumisation and electrification/hybridisation in both domestic and overseas markets. Moreover, there can be upside to revenue assumptions as management is exploring multiple inorganic opportunities across the auto and non-auto segments. Management has announced Vision FY30, targeting USD108bn in gross revenue by FY30E, implying a ~33% CAGR.

Diversification efforts into emerging segments (auto and non-auto categories) is gaining momentum, with the business delivering a stellar 41% growth in FY25, driven by successful acquisitions/tie-ups (Irillic, Cirma, AD Industries, BIEL, etc) and the scale up of aerospace and consumer electronics businesses. Going forward, acquisition of Atsumitec and capacity addition across lighting & electronics, precision metals, consumer electronics and aerospace, is expected to further accelerate growth. We expect emerging business revenue CAGR at 23% over FY25–28E.

Besides, earnings growth to be higher at CAGR of 11%, led by margin improvement in recent acquisitions and new greenfield plants. Retain 'BUY' with Sep-26E TP of INR110, implying blended PE of 24x.

Key Risks

- Managing a complex structure could divert focus and pose execution risks.
- Lower-than-expected growth in global PV segment, leading to cut in revenue assumptions. Regulatory risks such as tariff wars, can negatively impact global demand environment.
- Spike in commodity and energy prices.
- Adverse currency movement.

Additional Data

Management

Chairman	V. C. Sehgal
CFO	Kunal Malani
COO	Pankaj Mital
Director	Laksh Vaman Sehgal
Auditor	S. R. Batliboi & Co. LLP

Holdings – Top 10*

	% Holding		% Holding
SBI Funds	2.56	DSP Investment	1.77
Nippon Life	2.41	BlackRock Inc	1.57
Quant Money	2.21	ICICI Pru Life	0.80
ICICI Pru AMC	2.18	Dimensional Fund	0.66
Vanguard Group	1.78	Motilal Oswal AMC	0.63

*Latest public data

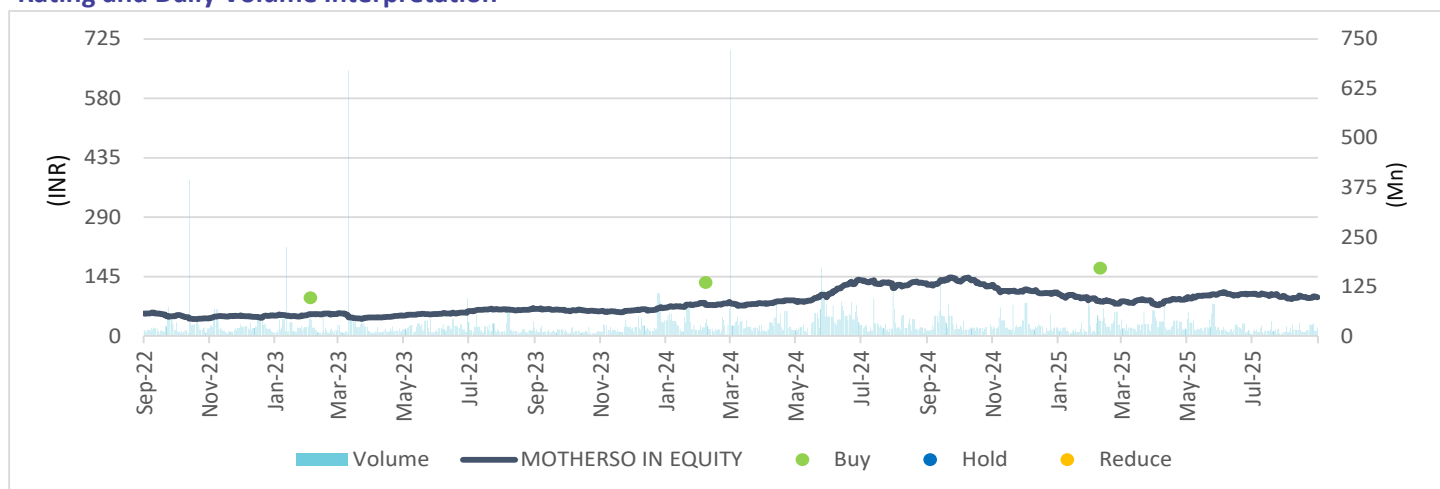
Recent Company Research

Date	Title	Price	Reco
13-Aug-25	Q1 EBITDA miss; outlook stays positive; <i>Result Update</i>	93	Buy
29-May-25	Healthy showing; outlook stays positive; <i>Result Update</i>	148	Buy
14-Feb-25	In-line EBITDA; outlook remains positive; <i>Result Update</i>	126	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
05-Sep-25	CEAT	Camso buyout: Growth prospects intact; <i>Company Update</i>
12-Aug-25	Minda Corporation	Q1 beat; outlook remains bright ; <i>Result Update</i>
04-Aug-25	SONA BLW PRECISION	Q1 broadly in-line; outlook stays positi; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	198
Hold	<15% and >-5%	70
Reduce	<-5%	36

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