



Samvardhana Motherson

Estimate changes	↔
TP change	↑
Rating change	↔

CMP: INR181 TP: INR218 (+21%) Buy

Bloomberg	MOTHERSO IN
Equity Shares (m)	6776
M.Cap.(INRb)/(USDb)	1224.5 / 14.6
52-Week Range (INR)	209 / 87
1, 6, 12 Rel. Per (%)	-7/45/61
12M Avg Val (INR M)	2708

Strong performance in a tough quarter

Synergy benefits with acquisitions to further help improve returns

- Samvardhana Motherson (MOTHERSO) reported a strong 65.5% YoY growth in earnings (in line with estimates) despite muted automotive production growth in 1Q. It reported an 18% annualized RoCE in 1Q and management expects the same would continue to improve in FY25, aided by synergy benefits of acquisitions.
- Our positive view on MOTHERSO remains intact based on the ramp up of new businesses in non-auto, execution of a strong order book for SMRPBV, and capacities in place for growth. We **reiterate our BUY rating** on the stock with a revised target price of INR218 (25x Jun'26E EPS).

MOTHERSO: Financials & Valuations

Y/E March	2024	2025E	2026E
Sales	985	1,200	1,328
EBITDA	90.2	117.1	137.6
Adj. PAT	25.1	43.5	55.8
EPS (Rs)	3.7	6.4	8.2
EPS Growth (%)	63.6	73.2	28.3
BV/Share (Rs)	38.6	43.1	48.9

Ratios

Net D:E	0.4	0.2	0.1
RoE (%)	10.3	15.7	17.9
RoCE (%)	10.0	12.5	14.1
Payout (%)	20.0	30.0	30.0

Valuations

P/E (x)	48.8	28.2	22.0
P/BV (x)	4.7	4.2	3.7
Div. Yield (%)	0.4	1.1	1.4
FCF Yield (%)	2.9	3.9	6.1

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	60.4	60.4	64.8
DII	18.2	18.3	15.2
FII	12.9	12.4	10.8
Others	8.6	8.9	9.2

FII Includes depository receipts

Sequential net debt increases by INR30b due to M&A closure

- **Consol. revenue grew** 28.5% YoY to INR288.7b (est INR291b) largely led by inorganic growth. Contribution from the acquisitions to its revenue/EBITDA stood at INR62.5b/INR6.88b. Consol. EBITDA grew 44% YoY to INR27.7b (est. INR26.8b) and consol. adj. PAT rose 65.5% YoY to INR9.9b (est. INR9.3b).
- **Wiring harness business** grew by 9% YoY to INR83.3b (est. INR82.35b) and EBITDA margin improved 150bp YoY (+60bp QoQ) to 11.7% (vs. est. 10.3%). Growth was supported by increased intake in truck OEMs in North and South America. Content increase in India also supported growth.
- **Modules & Polymer business** revenues grew 27% YoY to INR151.9b (est. INR151.7b) and EBITDA margin improved 120bp YoY (-210bp QoQ) to 8.7% (est. 8.5%). The full impact of the Yachiyo 4W business was seen in 1Q. There was a strong growth on the low base of last year, as Dr. Schneider business was not there in 1QFY24.
- **Vision system business revenue** grew 8% YoY to INR50b (est. INR51.3b), while EBITDA margin remained stable YoY (-340bp QoQ) to 9.5% (est. 9.4%). Growth was partly supported by Ichikoh's mirror business (which was not there in 1QFY24) and volume growth in China. However, it was offset to some extent by the delayed EV launches in the EU/NA.
- **Integrated assemblies business** revenue grew 6% QoQ to INR25.2b. Margin stood at 10.1% (-270bp QoQ). The sluggishness in EVs hurt growth.
- **Emerging business** grew 42% YoY to ~INR25.9b (est. INR21.7b) and EBITDA margin expanded 100bp YoY (-480bp QoQ) to 12.2% (est. 12.0%).
- **Net debt (ex-lease liabilities) grew QoQ to INR133.7b (vs. INR103.7b in 4QFY24).** The increase in debt of INR30b QoQ was on account of the payout for closure of acquisition (~INR17.5b) and the increase in working capital due to the Red Sea crisis.