Samvardhana Motherson

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	MOTHERSO IN
Equity Shares (m)	7036
M.Cap.(INRb)/(USDb)	1168.3 / 13.8
52-Week Range (INR)	217 / 87
1, 6, 12 Rel. Per (%)	-18/22/60
12M Avg Val (INR M)	3406

Financials & Valuations

INR Billion	2024	2025E	2026E
Sales	985	1,160	1,298
EBITDA	90.2	110.9	128.1
Adj. PAT	25.1	39.2	51.7
EPS (INR)	3.7	5.5	7.3
EPS Growth (%)	63.6	48.9	31.7
BV/Share (INR)	38.6	49.6	54.7
Ratios			
Net D:E	0.4	0.0	-0.1
RoE (%)	10.3	12.8	13.9
RoCE (%)	10.0	11.2	12.2
Payout (%)	20.0	30.0	30.0
Valuations			
P/E (x)	44.3	29.7	22.6
P/BV (x)	4.2	3.3	3.0
Div. Yield (%)	0.5	1.0	1.3
FCF Yield (%)	3.2	3.9	5.7

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	58.1	60.4	64.8
DII	19.9	18.2	15.0
FII	13.5	12.9	11.4
Others	8.5	8.6	8.8

FII Includes depository receipts

CMP: INR166 TP: INR210 (+26%) Buy

Weak result; 2HFY25E to be better

QIP proceeds utilized to pare down debt; preparing for opportunities

- Samvardhana Motherson (MOTHERSO) reported muted results, with an EBITDA margin of 8.8%, down 80bp QoQ (vs. est. 9.4%), hit by global PV industry slowdown, slower EV ramp-up, and seasonal factors. Despite the global challenges and inflated working capital, the company's RoCE for 1HFY25 stood at 17.3% (up from 16.9% in FY24).
- To factor in the weak demand in key regions, we cut our FY25E/FY26E EPS by ~13.1%/~13.5%. We expect MOTHERSO to continue outperforming the global automobile sales, fueled by rising premiumization and EV transition, a robust order backlog, and successful integration of recent acquisitions. **We reiterate our BUY rating with a revised TP of INR210 (based on 25x Sep'26E EPS).**

Net debt declines INR28.7b QoQ to INR104.9b in 2QFY25

- **Consol. revenue grew** 18% YoY to INR278.1b (est. INR287.2b) largely led by inorganic growth. Revenue for organic business grew 4-5% YoY, while the global light vehicle industry declined by 5% YoY. Consol. EBITDA grew 23% YoY to INR24.5b (est. INR27.1b), and consol. adj. PAT grew 65.7% YoY to INR7.5b (est. INR9.5b). Revenue from the acquired assets stood at INR62b in 2QFY25 vs. INR18.5b YoY. Normalized EBITDA included contributions from acquired assets at INR5.9b in 2QFY25 vs. INR1.8b in 2QFY24.
- The company's 1HFY25 revenue/EBITDA/PAT grew ~23%/34%/66% YoY, while we expect the same to grow ~13%/18%/49% YoY in 2HFY25.
- **Wiring harness business** grew 4% YoY to INR81.1b (est. INR85.1b), and EBITDA margin improved 60bp YoY (-50bp QoQ) to 11.2% (est. 11.2%). The segment reported revenue growth despite softening of CV production volumes in North America, Europe, and China.
- **Modules & Polymer business** revenue grew 27% YoY to INR146.4b (est. INR142.5b), and EBITDA margin improved 30bp YoY (-130bp QoQ) to 7.4% (est. 8.3%). Growth was driven by the full impact of the acquisitions (Dr. Schneider and Yachiyo), while organic business growth was flat.
- **Vision system business revenue** grew 3% YoY to INR48.1b (est. INR52.4b), while EBITDA margin remained stable YoY (-30bp QoQ) to 9.2% (est. 9.9%). Revenue growth was fueled by China and South Asia, partially offset by lower volumes in North America.
- **Integrated assemblies business** revenue grew 53% YoY to INR25.3b. Margin stood at 11.9% (-180bp QoQ; est. 10.0%). Sluggishness in EVs hurt growth. However, YoY growth numbers are not comparable, as 2QFY24 had only two months of operations.
- **Emerging business** grew 43% YoY to ~INR29.1b (est. INR29.8b), and EBITDA margin expanded 90bp YoY (+110bp QoQ) to 13.3% (est. 14.0%).