

Samvardhana Motherson International | BUY

Miss on margins; long-term growth drivers intact

In 1QFY26, SAMIL reported a consolidated EBITDA margin of 8.1% (-150bps YoY), 100bps below JMFe. Margins were impacted by structural challenges in the EU, upfront booking of tariff associated costs, and start-up costs from greenfield projects. Despite subdued global light vehicle demand, SAMIL continues to outperform, driven by higher content per vehicle owing to premiumisation. The company does not expect a material tariff impact, as most US sales are USMCA-compliant, while discussions with customers are on-going for the remainder. Although the management remains silent on the EMS business, we expect it to contribute meaningfully to revenue from FY27 onwards. Near-term margin pressures are likely to persist, given weak demand in developed markets and ramp-up costs from greenfields. Therefore, we lower our EBITDA margin estimates by 20bps/30bps for FY26E/FY27E. We maintain our BUY rating with a Mar'27 TP of INR 110 (19x FY27E EPS). Recovery in global LV demand remaining a key monitorable.

- **1QFY26 – Margin below JMFe:** SAMIL reported consol. net sales of INR 302bn (+5% YoY, +3% QoQ), c.3% below JMFe. EBITDA stood at INR 24.5bn (-11% YoY, -7% QoQ), 13% below JMFe. EBITDA margin stood at 8.1% (-150bps YoY, -90bps QoQ), 100bps below JMFe, due to higher employee costs. Margin for Wiring Harness, Modules & Polymer, Vision Systems, Integrated Assemblies, Emerging businesses improved / (declined) YoY by -30bps / -230bps / -30bps / +120bps / -390bps to 11.4% / 6.4% / 9.2% / 11.4% / 8.4%. Consol. adj. PAT for 1Q was INR 6.5bn (-35% YoY, -38% QoQ), 38% below JMFe, due to lower-than-expected other income and higher-than-expected depreciation.
- **Demand and margin outlook:** SAMIL highlighted a challenging automotive production environment. Global light vehicle (LV) volumes grew 2% YoY in 1QFY26, with emerging markets expanding while developed markets contracted. CV volumes remained flat and followed a similar trend across regions. Despite this, SAMIL delivered YoY revenue growth, supported by its diversified portfolio and recent acquisitions. The modules and polymers business was impacted by structural issues in the EU and consolidation costs; however, recovery is expected in 2H, driven by multiple EV launches in the EU and ongoing restructuring measures. Exports to the US from India were less than USD 10mn in 1Q. The company does not anticipate a material impact, as most US sales are USMCA-compliant and discussions are underway with customers to pass on the remainder. SAMIL will provide further updates at its Investor Day in Sep'25.
- **Update on acquisitions:** Atsumitec revenue for the quarter stood at INR 7bn. Additionally, integration benefits are expected to yield results in the next few quarters. Excluding Atsumitec, inorganic revenue grew 2% YoY.
- **Non-automotive segment:** In the consumer electronics business (JV with BIEL Crystal), the ramp-up of capacity to 15–17 million units by FY26-end remains on track, with the company indicating no signs of slowdown from the customer end. Additionally, it has received customer approval for a plant scheduled to commence SOP in 2QFY26. The aerospace segment was impacted as 1Q is seasonally weak. Overall, with the ramp-up in production, the company anticipates a strong performance in 2H.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	9,77,794	11,25,409	12,37,589	13,49,195	14,73,624
Sales Growth (%)	25.8	15.1	10.0	9.0	9.2
EBITDA	92,866	1,05,519	1,24,993	1,43,091	1,60,764
EBITDA Margin (%)	9.4	9.3	10.0	10.5	10.8
Adjusted Net Profit	29,660	38,030	49,411	61,276	73,500
Diluted EPS (INR)	2.9	3.6	4.7	5.8	7.0
Diluted EPS Growth (%)	86.0	23.5	29.9	24.0	19.9
ROIC (%)	13.9	12.2	12.8	15.6	19.7
ROE (%)	12.2	12.5	13.2	14.2	14.7
P/E (x)	31.9	25.8	19.9	16.0	13.4
P/B (x)	3.6	2.8	2.4	2.1	1.8
EV/EBITDA (x)	11.8	10.2	8.5	7.1	5.9
Dividend Yield (%)	0.5	0.6	0.5	0.6	0.6

Source: Company data, JM Financial. Note: Valuations as of 13/Aug/2025



Saksham Kaushal

saksham.kaushal@jmfl.com | Tel: (91 22) 66303019

Nitin Agrawal

nitin.agrawal@jmfl.com | Tel: (91 22) 66303687

Sahil Malik

sahil.malik@jmfl.com | Tel: (91 22) 66301652

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	110
Upside/(Downside)	17.8%
Previous Price Target	113
Change	-2.7%

Key Data – MOTHERSO IN

Current Market Price	INR93
Market cap (bn)	INR985.6/US\$11.3
Free Float	42%
Shares in issue (mn)	10,164.6
Diluted share (mn)	10,554.8
3-mon avg daily val (mn)	INR1,867.0/US\$21.4
52-week range	145/72
Sensex/Nifty	80,540/24,619
INR/US\$	87.4

Price Performance

%	1M	6M	12M
Absolute	-7.1	7.9	-22.5
Relative*	-5.1	1.8	-23.9

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

- **Other highlights:** 1) Effective net debt increased from INR 97.9bn (Mar'25) to INR 112.3bn (Jun'25). Net Debt/EBITDA stood at 1.1x (0.9x in Mar'25). 2) Capex during the quarter was INR 12bn. FY26 capex guidance stands maintained at INR 60bn (+/-10%). 3 greenfields have operationalized during 1Q and 11 are at various stages of completion – 7 in India, 2 in UAE, and 1 each in China and Poland. 3) Working capital remained elevated during the quarter due to tariffs/geopolitical issues and regulatory payments.

Exhibit 1. Quarterly financial result (consolidated)

(INR mn)	1QFY26	1QFY25	% YoY	4QFY25	% QoQ	1QFY26E	% A/E
Sales	302,120	288,680	4.7	293,168	3.1	310,837	-2.8
RM	161,423	154,747	4.3	158,620	1.8	167,230	-3.5
As a % of sales	53.4	53.6	-20bps	54.1	-70bps	53.8	-40bps
Employee Exp	79,362	71,704	10.7	72,160	10.0	77,088	3.0
As a % of sales	26.3	24.8	140bps	24.6	170bps	24.8	150bps
Other Costs	36,751	34,475	6.6	35,960	2.2	38,233	-3.9
As a % of sales	12.2	11.9	20bps	12.3	-10bps	12.3	-10bps
Expenditure	277,537	260,927	6.4	266,740	4.0	282,551	-1.8
EBITDA	24,583	27,753	-11.4	26,429	-7.0	28,286	-13.1
EBITDA Margin	8.1	9.6	-150bps	9.0	-90bps	9.1	-100bps
Other Income	805	709	13.5	1,164	-30.9	1,164	-30.9
Interest	4,250	4,445	-4.4	4,256	-0.1	4,706	-9.7
Depreciation	12,297	10,646	15.5	12,137	1.3	11,234	9.5
PBT	8,841	13,371	-33.9	11,200	-21.1	13,511	-34.6
Tax	2,658	3,480	-23.6	1,366	94.5	3,513	-24.3
Tax rate (%)	30.1	26.0		12.2		26.0	
PAT (Adjusted, Post MI)	6,483	9,942	-34.8	10,505	-38.3	10,460	-38.0
PAT Margin	2.1	3.4	-130bps	3.6	-140bps	3.4	-120bps

Source: Company, JM Financial

Exhibit 2. Segment performance

Particulars	1QFY26	1QFY25	% YoY	4QFY25	% QoQ
Wiring harness (INR mn)					
Sales	86,402	83,265	3.8%	85,941	0.5%
EBITDA	9,833	9,745	0.9%	10,669	-7.8%
EBITDA Margin	11.4	11.7	-30bps	12.4	-100bps
Modules and polymer products (INR mn)					
Sales	150,083	151,928	-1.2%	153,591	-2.3%
EBITDA	9,581	13,169	-27.3%	10,022	-4.4%
EBITDA Margin	6.4	8.7	-230bps	6.5	-10bps
Vision systems (INR mn)					
Sales	51,370	49,970	2.8%	49,718	3.3%
EBITDA	4,728	4,739	-0.2%	5,964	-20.7%
EBITDA Margin	9.2	9.5	-30bps	12.0	-280bps
Integrated assemblies (INR mn)					
Sales	28,190	25,227	11.7%	23,985	17.5%
EBITDA	3,214	2,562	25.4%	2,541	26.5%
EBITDA Margin	11.4	10.2	120bps	10.6	80bps
Others (Lighting, Aerospace, Industrial) (INR mn)					
Sales	37,017	25,913	42.9%	32,282	14.7%
EBITDA	3,091	3,165	-2.3%	3,895	-20.6%
EBITDA Margin	8.4	12.2	-390bps	12.1	-370bps

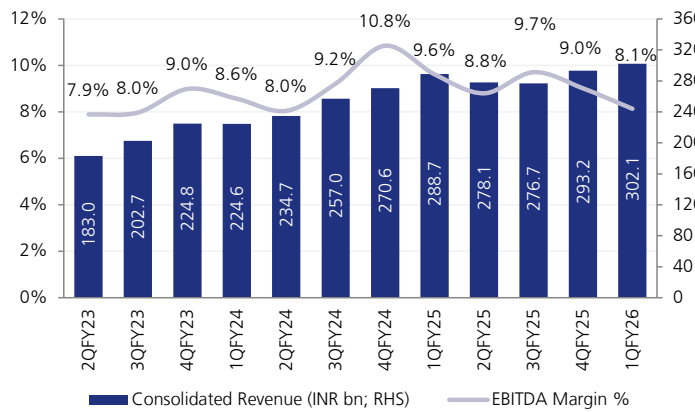
Source: JM Financial, Company

Exhibit 3. Quarterly financial result (standalone)

(INR mn)	1QFY26	1QFY25	% YoY	4QFY25	% QoQ
Sales	27,423	24,830	10.4	27,215	0.8
RM	17,377	15,208	14.3	17,473	-0.5
As a % of sales	63.4	61.3	210bps	64.2	-80bps
Employee Exp	3,166	2,817	12.4	2,926	8.2
As a % of sales	11.5	11.3	20bps	10.8	80bps
Other Costs	3,514	3,227	8.9	3,358	4.6
As a % of sales	12.8	13.0	-20bps	12.3	50bps
Expenditure	24,057	21,252	13.2	23,757	1.3
EBITDA	3,367	3,578	-5.9	3,458	-2.6
EBITDA Margin	12.3	14.4	-210bps	12.7	-40bps
PAT (Adjusted)	3,552	1,680	111.5	6,455	-45.0
PAT Margin	13.0	6.8	620bps	23.7	-1080bps

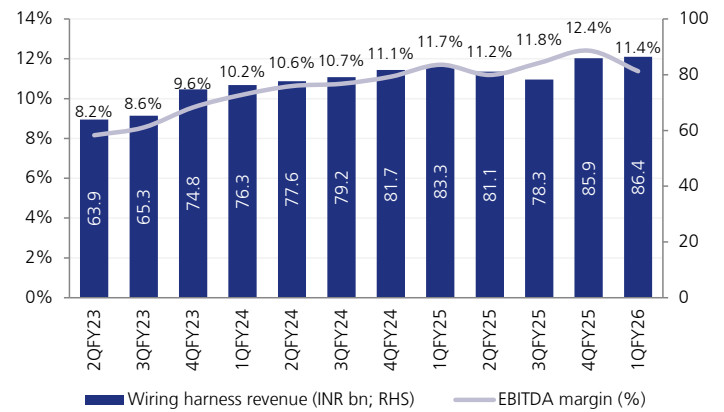
Source: Company, JM Financial

Exhibit 4. Consolidated performance



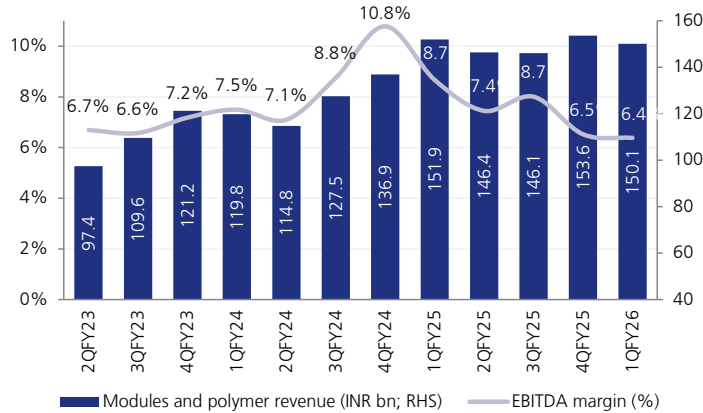
Source: Company, JM Financial

Exhibit 5. Wiring harness – Revenue & EBITDA trend



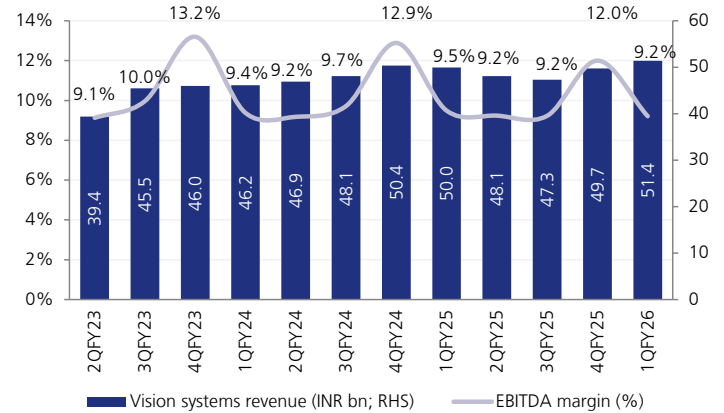
Source: Company, JM Financial

Exhibit 6. Modules and Polymer - Revenue & EBITDA trend



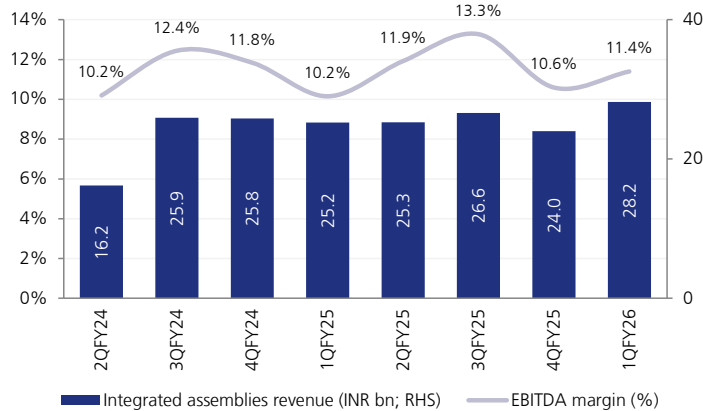
Source: Company, JM Financial

Exhibit 7. Vision Systems - Revenue & EBITDA trend



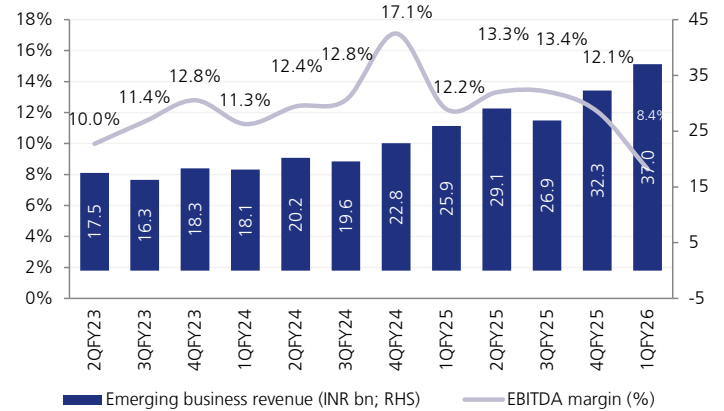
Source: Company, JM Financial

Exhibit 8. Integrated Assemblies - Revenue & EBITDA trend



Source: Company, JM Financial

Exhibit 9. Emerging Business - Revenue & EBITDA trend



Source: Company, JM Financial

Exhibit 10. 1-year forward PE chart



Source: Bloomberg, JM Financial

Exhibit 11. SAMIL – change in estimates

	New assumption			Old assumption			% Change		
	FY25A	FY26E	FY27E	FY25A	FY26E	FY27E	FY25A	FY26E	FY27E
Revenue (INR mn)	11,36,626	12,49,928	13,62,768	11,36,626	12,62,753	13,73,190	0.0%	-1.0%	-0.8%
EBITDA (INR mn)	1,05,519	1,24,993	1,43,091	1,05,519	1,28,518	1,48,578	0.0%	-2.7%	-3.7%
EBITDAM (%)	9.3%	10.0%	10.5%	9.3%	10.2%	10.8%	-	-20bps	-30bps
PAT (INR mn)	38,030	49,411	61,276	38,030	51,762	63,776	0.0%	-4.5%	-3.9%
EPS	3.6	4.7	5.8	3.6	4.9	6.0	0.0%	-4.5%	-3.9%

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	9,77,794	11,25,409	12,37,589	13,49,195	14,73,624
Sales Growth	25.8%	15.1%	10.0%	9.0%	9.2%
Other Operating Income	9,123	11,217	12,339	13,572	14,930
Total Revenue	9,86,917	11,36,626	12,49,928	13,62,768	14,88,554
Cost of Goods Sold/Op. Exp	5,44,147	6,10,522	6,71,211	7,27,718	7,91,911
Personnel Cost	2,35,385	2,83,870	3,08,732	3,36,604	3,67,673
Other Expenses	1,14,519	1,36,715	1,44,992	1,55,356	1,68,207
EBITDA	92,866	1,05,519	1,24,993	1,43,091	1,60,764
EBITDA Margin	9.4%	9.3%	10.0%	10.5%	10.8%
EBITDA Growth	47.5%	13.6%	18.5%	14.5%	12.4%
Depn. & Amort.	38,105	44,934	51,477	57,440	61,178
EBIT	54,761	60,585	73,516	85,650	99,586
Other Income	1,876	5,577	4,549	6,909	8,653
Finance Cost	18,112	18,824	12,777	10,977	9,377
PBT before Excep. & Forex	38,525	47,338	65,287	81,582	98,862
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	38,525	47,338	65,287	81,582	98,862
Taxes	8,206	11,156	18,281	22,844	27,683
Extraordinary Inc./Loss(-)	-2,499	0	0	0	0
Assoc. Profit/Min. Int.(-)	5,409	8,702	10,255	12,021	13,694
Reported Net Profit	27,162	38,030	49,411	61,276	73,500
Adjusted Net Profit	29,660	38,030	49,411	61,276	73,500
Net Margin	3.0%	3.3%	4.0%	4.5%	4.9%
Diluted Share Cap. (mn)	10,164.6	10,554.8	10,554.8	10,554.8	10,554.8
Diluted EPS (INR)	2.9	3.6	4.7	5.8	7.0
Diluted EPS Growth	86.0%	23.5%	29.9%	24.0%	19.9%
Total Dividend + Tax	4,405	5,981	5,277	5,981	5,981
Dividend Per Share (INR)	0.4	0.6	0.5	0.6	0.6

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	40,900	52,613	71,617	88,862	1,06,869
Depn. & Amort.	38,105	44,934	51,477	57,440	61,178
Net Interest Exp. / Inc. (-)	18,112	18,824	12,777	10,977	9,377
Inc (-) / Dec in WCap.	9,330	-33,916	35,221	13,303	12,034
Others	-4,180	-1,551	-3,925	-4,741	-5,687
Taxes Paid	-8,206	-11,156	-18,281	-22,844	-27,683
Operating Cash Flow	94,061	69,749	1,48,886	1,42,997	1,56,089
Capex	-1,18,049	-77,007	-83,170	-39,697	-41,285
Free Cash Flow	-23,988	-7,258	65,716	1,03,300	1,14,804
Inc (-) / Dec in Investments	-2,316	-782	-42,100	-42,100	-42,100
Others	-18,112	-18,824	-12,777	-10,977	-9,377
Investing Cash Flow	-1,38,477	-96,613	-1,38,047	-92,774	-92,762
Inc / Dec (-) in Capital	0	260	0	0	0
Dividend + Tax thereon	-4,405	-5,981	-5,277	-5,981	-5,981
Inc / Dec (-) in Loans	61,295	-27,001	-25,000	-20,000	-20,000
Others	10,396	52,616	8,795	5,981	5,981
Financing Cash Flow	67,287	19,895	-21,482	-20,000	-20,000
Inc / Dec (-) in Cash	22,871	-6,969	-10,643	30,223	43,327
Opening Cash Balance	46,987	69,858	62,888	52,245	82,468
Closing Cash Balance	69,858	62,888	52,245	82,468	1,25,795

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	2,61,549	3,48,804	4,01,732	4,63,009	5,36,509
Share Capital	6,776	7,037	10,555	10,555	10,555
Reserves & Surplus	2,54,773	3,41,767	3,91,178	4,52,454	5,25,954
Preference Share Capital	0	0	0	0	0
Minority Interest	20,606	22,482	22,482	22,482	22,482
Total Loans	1,99,218	1,72,218	1,47,218	1,27,218	1,07,218
Def. Tax Liab. / Assets (-)	-12,308	-14,637	-14,637	-14,637	-14,637
Total - Equity & Liab.	4,69,066	5,28,867	5,56,796	5,98,072	6,51,572
Net Fixed Assets	3,26,192	3,58,265	3,89,958	3,72,214	3,52,321
Gross Fixed Assets	4,25,419	4,93,183	5,79,250	6,17,420	6,57,117
Intangible Assets	79,513	86,995	86,995	86,995	86,995
Less: Depn. & Amort.	2,03,046	2,47,981	2,99,457	3,56,898	4,18,075
Capital WIP	24,306	26,068	23,170	24,697	26,285
Investments	65,215	65,997	1,08,097	1,50,197	1,92,297
Current Assets	4,38,065	4,79,798	5,10,184	5,79,791	6,66,872
Inventories	91,386	1,07,873	1,10,336	1,19,625	1,30,177
Sundry Debtors	1,71,943	1,93,284	2,22,590	2,42,685	2,65,085
Cash & Bank Balances	69,858	62,888	52,245	82,468	1,25,795
Loans & Advances	1,04,878	1,15,753	1,25,013	1,35,014	1,45,815
Other Current Assets	0	0	0	0	0
Current Liab. & Prov.	3,60,405	3,75,193	4,51,443	5,04,131	5,59,918
Current Liabilities	2,26,172	2,36,692	2,92,167	3,20,963	3,49,276
Provisions & Others	1,34,233	1,38,501	1,59,276	1,83,168	2,10,643
Net Current Assets	77,659	1,04,605	58,741	75,661	1,06,954
Total - Assets	4,69,066	5,28,867	5,56,796	5,98,072	6,51,572

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	3.0%	3.3%	4.0%	4.5%	4.9%
Asset Turnover (x)	1.4	1.3	1.3	1.3	1.3
Leverage Factor (x)	3.0	2.9	2.6	2.5	2.3
RoE	12.2%	12.5%	13.2%	14.2%	14.7%

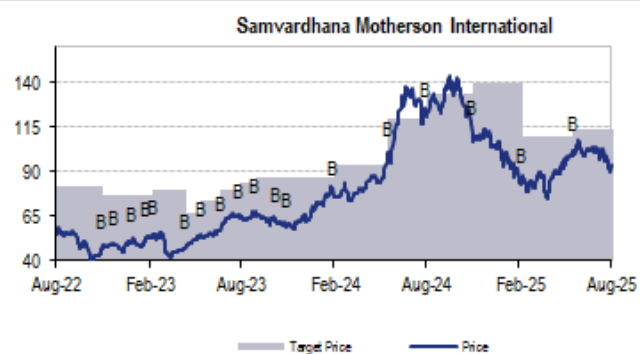
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	25.7	33.0	38.1	43.9	50.8
ROIC	13.9%	12.2%	12.8%	15.6%	19.7%
ROE	12.2%	12.5%	13.2%	14.2%	14.7%
Net Debt/Equity (x)	0.5	0.3	0.2	0.1	0.0
P/E (x)	31.9	25.8	19.9	16.0	13.4
P/B (x)	3.6	2.8	2.4	2.1	1.8
EV/EBITDA (x)	11.8	10.2	8.5	7.1	5.9
EV/Sales (x)	1.1	0.9	0.9	0.7	0.6
Debtor days	64	62	65	65	65
Inventory days	34	35	32	32	32
Creditor days	92	84	95	96	96

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
27-May-22	Buy	82	
9-Aug-22	Buy	82	0.0
10-Nov-22	Buy	77	-6.8
4-Dec-22	Buy	77	0.0
9-Jan-23	Buy	77	0.0
8-Feb-23	Buy	77	0.0
20-Feb-23	Buy	80	4.3
24-Apr-23	Buy	67	-16.7
27-May-23	Buy	73	10.0
4-Jul-23	Buy	80	9.1
10-Aug-23	Buy	83	4.2
10-Sep-23	Buy	87	4.0
22-Oct-23	Buy	87	0.0
10-Nov-23	Buy	87	0.0
12-Feb-24	Buy	93	7.7
29-May-24	Buy	120	28.6
13-Aug-24	Buy	133	11.1
12-Nov-24	Buy	140	5.0
16-Feb-25	Buy	110	-21.4
29-May-25	Buy	113	3.0

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.comCompliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: sahil.salastekar@jmfl.comGrievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: instcompliance@jmfl.com

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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