

# Motherson Sumi Wiring India | BUY

Greenfields weigh on margin; Ramp-up key for recovery

In 1QFY26, Motherson Sumi Wiring India (MSUMI) outperformed the underlying industry with a revenue growth of 14% YoY, 4% below JMFe. EBITDA margin stood at 9.8%, -110bps below JMFe, led by higher-than-expected increase in employee costs associated with the ramp up of new greenfields and adverse product mix. Excluding the greenfield costs, EBITDA margin stood at 11.8% (vs. 11.7% YoY). Rising features led premiumisation and gradual shift towards EVs (incl. Hybrids) remain the key levers for higher content per vehicle. While the new capacity addition is expected to support medium-term growth, the on-going slowdown in the domestic PV segment and delay in SOPs are likely to weigh on near-term revenue growth. Margins are expected to remain under pressure until the new greenfield facilities achieve full ramp-up. We have reduced our EPS estimates by 4.9% / 3.6% for FY26E / FY27E from our previous estimates. We ascribe 35x PE to arrive at Mar'27 fair value of INR 46. Maintain BUY.

- **1QFY26 – Reported margin below estimates:** MSUMI reported revenue of INR 24.9bn (+14% YoY, flat QoQ), 4% below JMFe. Reported EBITDA margin stood at 9.8% (-110bps YoY, -100bps QoQ), 110bps below JMFe. YoY decline in margins was primarily due to higher employee costs related to the new greenfields and adverse product mix. EBITDA margin (ex-Greenfields) stood at 11.8%. Reported EBITDA came-in at INR 2.4bn (+2% YoY, -10% QoQ), 13% below JMFe. PAT stood at INR 1.4bn (-4% YoY, -13% QoQ), 18% below JMFe.
- **Demand Outlook:** In 1QFY26, MSUMI's revenue grew by c.14% YoY, outperforming the underlying industry (+3% YoY), led by higher content per vehicle and new model launches. Revenue contribution from EV stood at 5.4% during the quarter. The management indicated that content per vehicle in EVs is 1.5-1.7x as compared to ICE vehicles. The company commenced operations at its Gujrat greenfield facility (EV) during 1QFY26, with volume ramp-up expected from 2Q onwards. Two additional greenfields (ICE and EV) are expected to be commissioned in FY26. While the ICE greenfield facility in Haryana is on track, the Gujrat facility (EV + ICE) is witnessing delay (due to deferment from OEMs) in SOP from 2QFY26 to 4QFY26. MSUMI has previously indicated that collectively these three greenfields have a peak annual revenue potential of INR 21bn.
- **Margin outlook:** Gross margin improved 100bps QoQ to 35.3%. Copper prices have inched up during the quarter. However, MSUMI has pass-through arrangement with OEMs for change in copper prices, with a quarter lag. EBITDA margin contracted 110bps YoY to 9.8%, primarily due to higher employee costs associated with the new greenfield facilities. Management indicated that manpower costs will increase gradually with the ramp up of greenfield facilities.
- **Other highlights:** 1) Capex guidance for FY26 stands at INR 2bn. 2) Net cash stood at INR 160mn as on 1QFY26 end (excluding lease liabilities of ~INR 2.4bn). We transfer coverage to Nitin Agrawal.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	83,283	93,203	1,05,135	1,19,103	1,34,586
Sales Growth (%)	17.8	11.9	12.8	13.3	13.0
EBITDA	10,132	9,971	11,747	13,856	15,957
EBITDA Margin (%)	12.2	10.7	11.2	11.6	11.9
Adjusted Net Profit	6,383	6,059	7,258	8,654	10,072
Diluted EPS (INR)	1.0	0.9	1.1	1.3	1.5
Diluted EPS Growth (%)	31.1	-5.1	19.8	19.2	16.4
ROIC (%)	40.6	37.7	42.0	45.4	48.3
ROE (%)	42.5	35.9	38.3	36.7	34.0
P/E (x)	41.6	43.8	36.5	30.7	26.3
P/B (x)	15.8	15.6	12.7	10.1	8.0
EV/EBITDA (x)	26.2	26.6	22.4	18.8	16.0
Dividend Yield (%)	1.3	0.6	1.3	1.3	1.3

Source: Company data, JM Financial. Note: Valuations as of 28/Jul/2025



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## Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	46
Upside/(Downside)	15.0%
Previous Price Target	47
Change	-1.4%

## Key Data – MSUMI IN

Current Market Price	INR40
Market cap (bn)	INR265.3/US\$3.1
Free Float	59%
Shares in issue (mn)	6,631.6
Diluted share (mn)	6,631.7
3-mon avg daily val (mn)	INR310.1/US\$3.6
52-week range	51/31
Sensex/Nifty	80,891/24,681
INR/US\$	86.7

## Price Performance

%	1M	6M	12M
Absolute	-0.1	11.4	-20.2
Relative*	3.8	5.4	-19.7

\* To the BSE Sensex

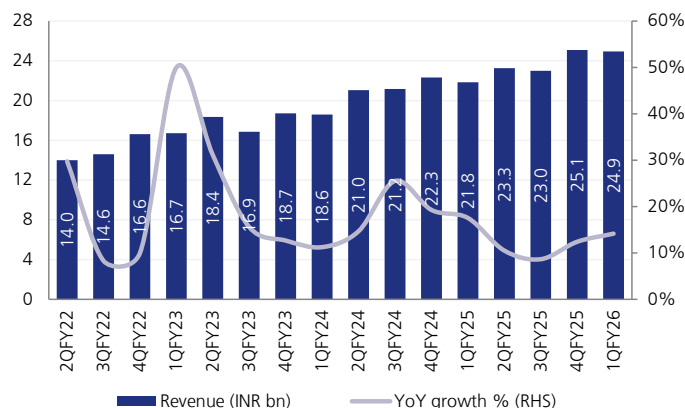
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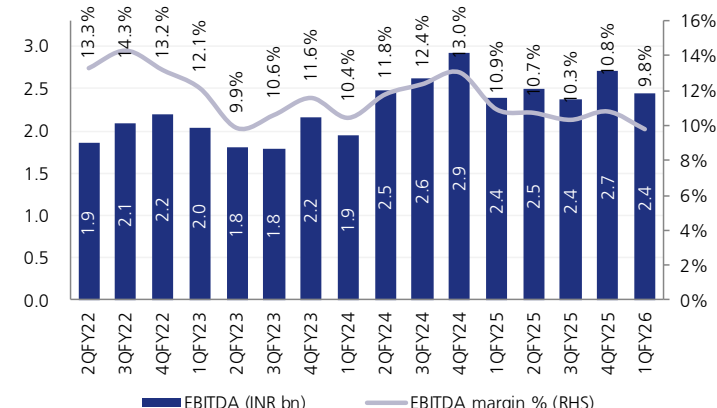
**Exhibit 1. Quarterly financial performance**

Financial Matrices (INR mn)	1QFY26	1QFY25	% YoY	4QFY25	% QoQ	1QFY26E	Var (%)
<b>Sales</b>	<b>24,940</b>	<b>21,848</b>	<b>14.2</b>	<b>25,095</b>	<b>(0.6)</b>	<b>25,848</b>	<b>(3.5)</b>
RM	16,132	14,231	13.4	16,493	(2.2)	16,905	(4.6)
as a % of sales	64.7	65.1	-50bps	65.7	-100bps	65.4	-70bps
Employee Exp	4,759	3,756	26.7	4,141	14.9	4,342	9.6
as a % of sales	19.1	17.2	190bps	16.5	260bps	16.8	230bps
Other Costs	1,607	1,473	9.1	1,748	(8.1)	1,784	(9.9)
as a % of sales	6.4	6.7	-30bps	7.0	-50bps	6.9	-50bps
Expenditure	22,498	19,461	15.6	22,383	0.5	23,031	(2.3)
<b>EBITDA</b>	<b>2,443</b>	<b>2,388</b>	<b>2.3</b>	<b>2,712</b>	<b>(9.9)</b>	<b>2,817</b>	<b>(13.3)</b>
<b>EBITDA Margin (%)</b>	<b>9.8</b>	<b>10.9</b>	<b>-110bps</b>	<b>10.8</b>	<b>-100bps</b>	<b>10.9</b>	<b>-110bps</b>
Other Income	9	50	(82.7)	16	(47)	30	(71.1)
Interest	63	55	15.2	55	14	62	1.8
Depreciation	492	399	23.2	476	3	447	10.0
PBT	1,896	1,984	(4.4)	2,197	(14)	2,338	(18.9)
Tax	465	495	(6.0)	548	(15)	585	(20.4)
Tax rate (%)	24.5	24.95		24.9		25.0	-25bps
<b>PAT (Adjusted)</b>	<b>1,431</b>	<b>1,489</b>	<b>(3.9)</b>	<b>1,649</b>	<b>(13.2)</b>	<b>1,754</b>	<b>(18.4)</b>
<b>EPS (INR)</b>	<b>0.2</b>	<b>0.2</b>	<b>(3.9)</b>	<b>0.2</b>	<b>(13.2)</b>	<b>0.3</b>	<b>(18.4)</b>

Source: Company, JM Financial

**Exhibit 2. Revenue stood at INR 24.9bn (+14% YoY, flat QoQ)**


Source: Company, JM Financial

**Exhibit 3. EBITDA grew 2% YoY (-10% QoQ) to INR 2.4bn**


Source: Company, JM Financial

**Exhibit 4. MSUMI – Change in estimates**

Motherson Sumi Wiring	New assumption			Old assumption			% Change		
	FY25A	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue (INR mn)	93,203	105,135	119,103	93,203	105,135	119,103	0.0%	0.0%	0.0%
EBITDA (INR mn)	9,971	11,747	13,856	9,971	12,122	13,963	0.0%	-3.1%	-0.8%
EBITDAM (%)	10.7%	11.2%	11.6%	10.7%	11.5%	11.7%	0bps	-30bps	-10bps
PAT (INR mn)	6,059	7,258	8,654	6,059	7,635	8,978	0.0%	-4.9%	-3.6%
EPS (INR)	0.9	1.1	1.3	0.9	1.2	1.4	0.0%	-4.9%	-3.6%

Source: Company, JM Financial

Exhibit 5. MSUMI – Greenfields status

Location	Powertrain	SOP	Update
Navagam (Gujarat)	EV	Q1 FY26*	Volume ramp up in Q2 FY26
	EV+ICE	Q4 FY 26*	SOP delayed to Q4 from Q2
Kharkhauda (Haryana)	ICE	Q2 FY 26	As per plan
Pune (Maharashtra)	EV + ICE	Q2 FY25	-
	EV	Q4 FY25*	Volume ramp up in Q2 FY26

Source: Company, JM Financial

Exhibit 6. 1-yr forward PE chart



Source: Company, Bloomberg, JM Financial

## Financial Tables (Standalone)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	83,283	93,203	1,05,135	1,19,103	1,34,586
Sales Growth	17.8%	11.9%	12.8%	13.3%	13.0%
Total Revenue	83,283	93,203	1,05,135	1,19,103	1,34,586
<b>Cost of Goods Sold/Op. Exp</b>	<b>54,537</b>	<b>60,765</b>	<b>67,631</b>	<b>76,626</b>	<b>86,511</b>
Personnel Cost	13,551	16,032	19,239	21,355	24,025
Other Expenses	5,062	6,434	6,518	7,265	8,094
EBITDA	10,132	9,971	11,747	13,856	15,957
<b>EBITDA Margin</b>	<b>12.2%</b>	<b>10.7%</b>	<b>11.2%</b>	<b>11.6%</b>	<b>11.9%</b>
EBITDA Growth	27.9%	-1.6%	17.8%	18.0%	15.2%
Depn. & Amort.	1,473	1,789	1,989	2,257	2,489
EBIT	8,659	8,182	9,758	11,599	13,468
Other Income	69	119	145	167	184
Finance Cost	273	248	252	258	258
PBT before Excep. & Forex	8,455	8,054	9,651	11,508	13,394
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	8,455	8,054	9,651	11,508	13,394
Taxes	2,072	1,996	2,393	2,854	3,322
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	6,383	6,059	7,258	8,654	10,072
Adjusted Net Profit	6,383	6,059	7,258	8,654	10,072
<b>Net Margin</b>	<b>7.7%</b>	<b>6.5%</b>	<b>6.9%</b>	<b>7.3%</b>	<b>7.5%</b>
Diluted Share Cap. (mn)	6,631.7	6,631.7	6,631.7	6,631.7	6,631.7
Diluted EPS (INR)	1.0	0.9	1.1	1.3	1.5
<b>Diluted EPS Growth</b>	<b>31.1%</b>	<b>-5.1%</b>	<b>19.8%</b>	<b>19.2%</b>	<b>16.4%</b>
Total Dividend + Tax	3,537	1,547	3,316	3,316	3,316
Dividend Per Share (INR)	0.5	0.2	0.5	0.5	0.5

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	8,455	8,054	9,651	11,508	13,394
Depn. & Amort.	1,473	1,789	1,989	2,257	2,489
Net Interest Exp. / Inc. (-)	273	248	252	258	258
Inc (-) / Dec in WCap.	-29	-4,344	-1,725	-2,019	-2,238
Others	-89	-159	-145	-167	-184
Taxes Paid	-2,171	-1,939	-2,393	-2,854	-3,322
<b>Operating Cash Flow</b>	<b>7,911</b>	<b>3,648</b>	<b>7,629</b>	<b>8,983</b>	<b>10,397</b>
Capex	-1,111	-1,712	-2,000	-2,000	-2,000
Free Cash Flow	6,800	1,936	5,629	6,983	8,397
Inc (-) / Dec in Investments	-1,000	1,000	0	0	0
Others	69	119	145	167	184
<b>Investing Cash Flow</b>	<b>-2,042</b>	<b>-593</b>	<b>-1,855</b>	<b>-1,833</b>	<b>-1,816</b>
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-2,868	-3,528	-3,316	-3,316	-3,316
Inc / Dec (-) in Loans	-740	0	0	0	0
Others	-915	-1,046	-252	-258	-258
<b>Financing Cash Flow</b>	<b>-4,523</b>	<b>-4,574</b>	<b>-3,568</b>	<b>-3,574</b>	<b>-3,574</b>
<b>Inc / Dec (-) in Cash</b>	<b>1,309</b>	<b>-1,528</b>	<b>2,206</b>	<b>3,576</b>	<b>5,007</b>
Opening Cash Balance	361	1,671	2,375	4,581	8,157
Closing Cash Balance	2,683	2,375	4,581	8,157	13,164

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	16,768	16,983	20,925	26,263	33,020
Share Capital	4,421	4,421	6,632	6,632	6,632
Reserves & Surplus	12,347	12,562	14,293	19,632	26,388
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	2,591	2,692	2,692	2,692	2,692
Def. Tax Liab. / Assets (-)	-499	-574	-574	-574	-574
<b>Total - Equity &amp; Liab.</b>	<b>18,861</b>	<b>19,101</b>	<b>23,043</b>	<b>28,381</b>	<b>35,137</b>
Net Fixed Assets	6,235	7,273	7,284	7,027	6,538
Gross Fixed Assets	12,214	14,912	16,912	18,912	20,912
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	6,217	8,006	9,995	12,252	14,741
Capital WIP	238	367	367	367	367
Investments	629	697	697	697	697
Current Assets	24,028	28,744	34,184	41,546	50,749
Inventories	11,399	12,824	14,466	16,388	18,518
Sundry Debtors	8,959	12,437	14,029	15,893	17,959
Cash & Bank Balances	2,683	2,375	4,581	8,157	13,164
Loans & Advances	0	0	0	0	0
Other Current Assets	987	1,109	1,109	1,109	1,109
Current Liab. & Prov.	12,030	17,613	19,122	20,889	22,847
Current Liabilities	9,245	11,788	13,297	15,063	17,021
Provisions & Others	2,786	5,826	5,826	5,826	5,826
Net Current Assets	11,997	11,131	15,062	20,657	27,902
<b>Total - Assets</b>	<b>18,861</b>	<b>19,101</b>	<b>23,043</b>	<b>28,381</b>	<b>35,137</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	7.7%	6.5%	6.9%	7.3%	7.5%
Asset Turnover (x)	4.6	4.8	4.9	4.5	4.2
Leverage Factor (x)	1.2	1.2	1.1	1.1	1.1
RoE	42.5%	35.9%	38.3%	36.7%	34.0%

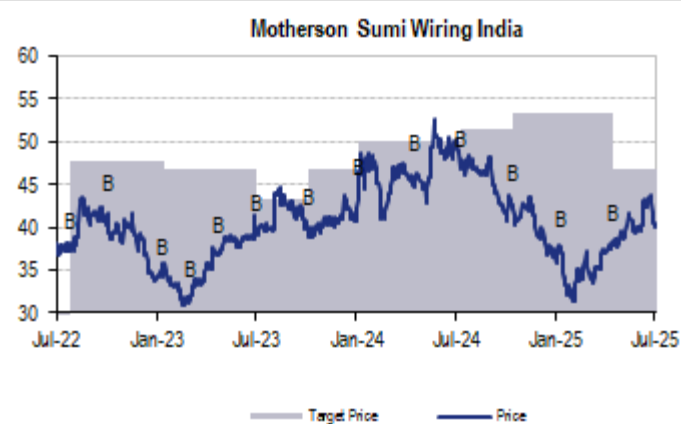
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	2.5	2.6	3.2	4.0	5.0
ROIC	40.6%	37.7%	42.0%	45.4%	48.3%
ROE	42.5%	35.9%	38.3%	36.7%	34.0%
Net Debt/Equity (x)	0.0	0.0	-0.1	-0.2	-0.3
P/E (x)	41.6	43.8	36.5	30.7	26.3
P/B (x)	15.8	15.6	12.7	10.1	8.0
EV/EBITDA (x)	26.2	26.6	22.4	18.8	16.0
EV/Sales (x)	3.2	2.8	2.5	2.2	1.9
Debtor days	39	49	49	49	49
Inventory days	50	50	50	50	50
Creditor days	46	52	52	52	52

Source: Company, JM Financial

## History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
21-Aug-22	Buy	48	
31-Oct-22	Buy	48	-0.2
7-Feb-23	Buy	47	-2.0
30-Mar-23	Buy	47	0.0
21-May-23	Buy	47	0.0
28-Jul-23	Buy	43	-7.1
31-Oct-23	Buy	47	7.7
31-Jan-24	Buy	50	7.1
16-May-24	Buy	50	0.0
5-Aug-24	Buy	51	2.7
10-Nov-24	Buy	53	3.9
6-Feb-25	Buy	53	0.0
11-May-25	Buy	47	-12.5

## 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

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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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