

# Motherson Sumi Wiring India | BUY

## Margins in line; Plant ramp-up remains crucial for margin recovery

In 4QFY25, Motherson Sumi Wiring India (MSUMI) reported revenue growth of 12% YoY, 2% above JMFe. EBITDA margin stood at 10.8%, in line with JMFe. 220bps YoY decline in margins was primarily due to start-up costs related to the new greenfields. Excluding the greenfield costs, EBITDA margin stood at 12.4%. 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 is 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 cut our revenue growth estimates from 17% / 15% to 13% each in FY26E / FY27E. We have also reduced our EPS estimates by 12% / 13% for FY26E / FY27E from our previous estimates. We ascribe 35x PE to arrive at Mar'27 fair value of INR 70. Maintain BUY.

- **4QFY25 – Reported margin in line with estimates:** MSUMI reported revenue of INR 25.1bn (+12% YoY, +9% QoQ), 2% above JMFe. Reported EBITDA margin stood at 10.8% (-220bps YoY, +50bps QoQ), in line with JMFe. YoY decline in margins was primarily due to start-up costs related to the new greenfields. EBITDA margin (ex-Greenfields) stood strong at 12.4%. Reported EBITDA came-in at INR 2.7bn (-7% YoY, +14% QoQ), 2% above JMFe. PAT stood at INR1.6bn (-14% YoY, +18% QoQ).
- **Demand Outlook:** In 4QFY25, MSUMI's revenue grew by c.12% YoY, outperforming the underlying industry, led by higher content per vehicle. Revenue contribution from EV stood at 4% during the quarter. The company commenced operations at its Pune greenfield facility (EV) during 4QFY25. Two additional greenfields (ICE and EV) are expected to be commissioned by 2QFY26. Collectively, these three greenfields have a peak annual revenue potential of INR 21bn and are expected to ramp up to optimal capacity in 2H FY26. The Gujrat greenfield facility's SOP has been delayed due to launch postponement by the customer. Management reaffirmed that the company remain engaged across all powertrain technologies.
- **Margin outlook:** Gross margin declined 60bps QoQ to 34.3%, impacted by an adverse product mix and elevated copper prices. However, MSUMI has pass-through arrangement with OEMs for change in copper prices, with a quarter/half-yearly lag. EBITDA margin contracted 220bps YoY to 10.8%, primarily due to start-up costs associated with the new greenfield facilities. Management indicated that manpower costs will increase gradually with the ramp up of these facilities. MSUMI is actively looking for localisation opportunities to support margins going ahead.
- **Other highlights:** 1) Capex guidance for FY26 stands at INR 2bn. 2) The management indicated that it is not currently facing any supply-side constraints. 3) ROCE for FY25 stood at 42% (above the target of 40%). We transfer coverage to Saksham Kaushal.



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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	70
Upside/(Downside)	22.9%
Previous Price Target	80
Change	-12.5%

### Key Data – MSUMI IN

Current Market Price	INR57
Market cap (bn)	INR251.9/US\$3.0
Free Float	38%
Shares in issue (mn)	4,421.1
Diluted share (mn)	4,421.1
3-mon avg daily val (mn)	INR306.4/US\$3.6
52-week range	80/46
Sensex/Nifty	79,454/24,008
INR/US\$	85.4

### Price Performance

%	1M	6M	12M
Absolute	7.7	-9.9	-15.6
Relative*	1.8	-10.8	-22.8

\* To the BSE Sensex

Financial Summary	(INR mn)				
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net Sales	70,680	83,283	93,203	1,05,135	1,19,103
Sales Growth (%)	25.4	17.8	11.9	12.8	13.3
EBITDA	7,920	10,132	9,971	12,122	13,963
EBITDA Margin (%)	11.2	12.2	10.7	11.5	11.7
Adjusted Net Profit	4,870	6,383	6,059	7,635	8,978
Diluted EPS (INR)	1.1	1.4	1.4	1.7	2.0
Diluted EPS Growth (%)	2.3	31.1	-5.1	26.0	17.6
ROIC (%)	46.9	48.8	44.7	51.7	53.5
ROE (%)	39.8	42.5	35.9	42.3	44.3
P/E (x)	51.7	39.5	41.6	33.0	28.1
P/B (x)	18.9	15.0	14.8	13.2	11.8
EV/EBITDA (x)	31.9	24.6	25.0	20.6	17.8
Dividend Yield (%)	1.1	1.4	0.6	2.2	2.6

Source: Company data, JM Financial. Note: Valuations as of 09/May/2025

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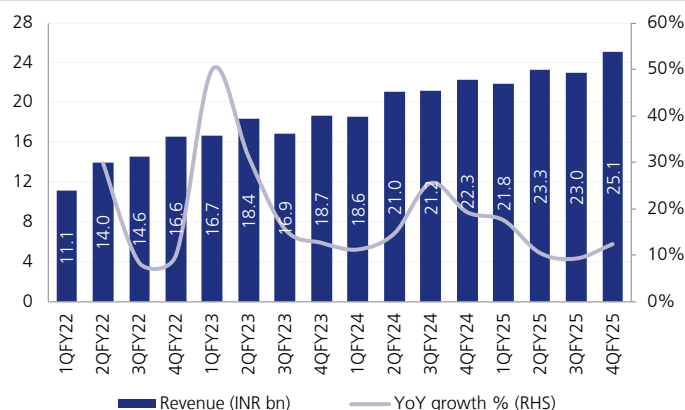
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### Exhibit 1. Quarterly financial performance

Financial Matrices (INR mn)	4QFY25	4QFY24	% YoY	3QFY25	% QoQ	4QFY25E	Var (%)
<b>Sales</b>	<b>25,095</b>	<b>22,327</b>	<b>12.4</b>	<b>23,003</b>	<b>9.1</b>	<b>24,555</b>	<b>2.2</b>
RM	16,493	14,542	13.4	14,937	10.4	15,961	3.3
as a % of sales	65.7	65.1	60bps	64.9	80bps	65.0	70bps
Employee Exp	4,141	3,442	20.3	4,123	0.5	4,346	(4.7)
as a % of sales	16.5	15.4	110bps	17.9	-140bps	17.7	-120bps
Other Costs	1,748	1,430	22.3	1,568	11.5	1,596	9.5
as a % of sales	7.0	6.4	60bps	6.8	20bps	6.5	50bps
<b>Expenditure</b>	<b>22,383</b>	<b>19,413</b>	<b>15.3</b>	<b>20,627</b>	<b>8.5</b>	<b>21,903</b>	<b>2.2</b>
<b>EBITDA</b>	<b>2,712</b>	<b>2,913</b>	<b>(6.9)</b>	<b>2,376</b>	<b>14.2</b>	<b>2,652</b>	<b>2.3</b>
<b>EBITDA Margin (%)</b>	<b>10.8</b>	<b>13.0</b>	<b>-220bps</b>	<b>10.3</b>	<b>50bps</b>	<b>10.8</b>	<b>0bps</b>
Other Income	16	43	(62.8)	6	178	45	(64.2)
Interest	55	58	(5.0)	66	(16)	75	(26.1)
Depreciation	476	394	20.9	470	1	475	0.2
<b>PBT</b>	<b>2,197</b>	<b>2,505</b>	<b>(12.3)</b>	<b>1,846</b>	<b>19</b>	<b>2,147</b>	<b>2.3</b>
Tax	548	590	(7.2)	447	23	537	2.0
Tax rate (%)	24.9	23.56		24.2		25.0	-25bps
<b>PAT (Adjusted)</b>	<b>1,649</b>	<b>1,914</b>	<b>(13.8)</b>	<b>1,400</b>	<b>17.8</b>	<b>1,610</b>	<b>2.4</b>
<b>EPS (INR)</b>	<b>0.4</b>	<b>0.4</b>	<b>(13.8)</b>	<b>0.3</b>	<b>17.8</b>	<b>0.4</b>	<b>2.4</b>

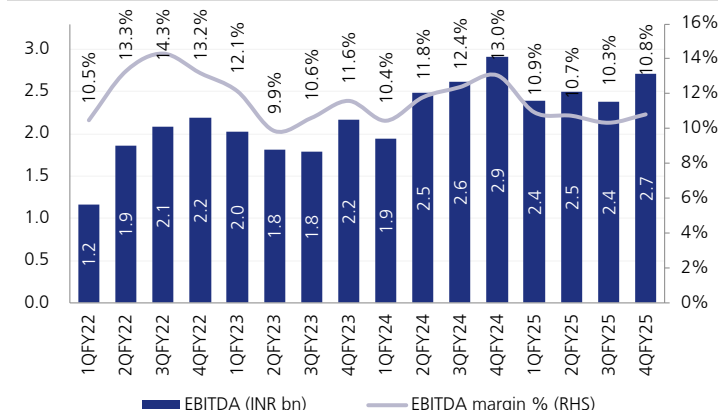
Source: Company, JM Financial

### Exhibit 2. Revenue stood at INR 25bn (+12% YoY, +9% QoQ)



Source: Company, JM Financial

### Exhibit 3. EBITDA declined 7% YoY (+14% QoQ) to INR 2.7bn



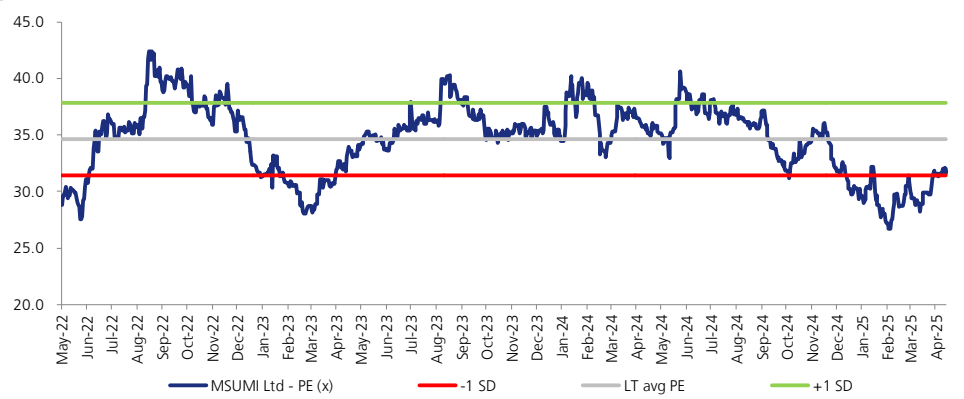
Source: Company, JM Financial

### 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	93,747	109,215	125,051	-1%	-4%	-5%
EBITDA (INR mn)	9,971	12,122	13,963	10,283	13,474	15,642	-3%	-10%	-11%
EBITDAM (%)	10.7%	11.5%	11.7%	11.0%	12.3%	12.5%	-30bps	-80bps	-80bps
PAT (INR mn)	6,059	7,635	8,978	6,344	8,717	10,316	-4.5%	-12.4%	-13.0%
<b>EPS (INR)</b>	<b>1.4</b>	<b>1.7</b>	<b>2.0</b>	<b>1.4</b>	<b>2.0</b>	<b>2.3</b>	<b>-4.5%</b>	<b>-12.4%</b>	<b>-13.0%</b>

Source: Company, JM Financial

Exhibit 5. 1-yr forward PE chart



Source: Company, Bloomberg, JM Financial

## Financial Tables (Standalone)

Income Statement					(INR mn)
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net Sales	70,680	83,283	93,203	1,05,135	1,19,103
Sales Growth	25.4%	17.8%	11.9%	12.8%	13.3%
Total Revenue	70,680	83,283	93,203	1,05,135	1,19,103
<b>Cost of Goods Sold/Op. Exp</b>	<b>46,317</b>	<b>54,537</b>	<b>60,765</b>	<b>68,860</b>	<b>77,770</b>
Personnel Cost	11,831	13,551	16,032	17,636	20,105
Other Expenses	4,612	5,062	6,434	6,518	7,265
EBITDA	7,920	10,132	9,971	12,122	13,963
<b>EBITDA Margin</b>	<b>11.2%</b>	<b>12.2%</b>	<b>10.7%</b>	<b>11.5%</b>	<b>11.7%</b>
EBITDA Growth	8.5%	27.9%	-1.6%	21.6%	15.2%
Depn. & Amort.	1,237	1,473	1,789	1,852	1,916
EBIT	6,684	8,659	8,182	10,270	12,047
Other Income	117	69	119	143	164
Finance Cost	278	273	248	260	273
PBT before Excep. & Forex	6,522	8,455	8,054	10,153	11,938
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	6,522	8,455	8,054	10,153	11,938
Taxes	1,652	2,072	1,996	2,518	2,961
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	4,870	6,383	6,059	7,635	8,978
Adjusted Net Profit	4,870	6,383	6,059	7,635	8,978
<b>Net Margin</b>	<b>6.9%</b>	<b>7.7%</b>	<b>6.5%</b>	<b>7.3%</b>	<b>7.5%</b>
Diluted Share Cap. (mn)	4,421.1	4,421.1	4,421.1	4,421.1	4,421.1
Diluted EPS (INR)	1.1	1.4	1.4	1.7	2.0
<b>Diluted EPS Growth</b>	<b>2.3%</b>	<b>31.1%</b>	<b>-5.1%</b>	<b>26.0%</b>	<b>17.6%</b>
Total Dividend + Tax	2,684	3,537	1,547	5,526	6,632
Dividend Per Share (INR)	0.6	0.8	0.4	1.3	1.5

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profit before Tax	6,522	8,455	8,054	10,153	11,938
Depn. & Amort.	1,237	1,473	1,789	1,852	1,916
Net Interest Exp. / Inc. (-)	278	273	248	260	273
Inc (-) / Dec in WCap.	-3,925	-29	651	-1,725	-2,019
Others	-102	-89	-119	-143	-164
Taxes Paid	-1,775	-2,171	-1,996	-2,518	-2,961
<b>Operating Cash Flow</b>	<b>2,236</b>	<b>7,911</b>	<b>8,627</b>	<b>7,879</b>	<b>8,983</b>
Capex	-1,977	-1,111	-2,827	-2,000	-2,000
Free Cash Flow	259	6,800	5,799	5,879	6,983
Inc (-) / Dec in Investments	0	-1,000	-68	0	0
Others	40	32	119	143	164
<b>Investing Cash Flow</b>	<b>-1,937</b>	<b>-2,079</b>	<b>-2,776</b>	<b>-1,857</b>	<b>-1,836</b>
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-2,677	-2,868	-1,547	-5,526	-6,632
Inc / Dec (-) in Loans	649	-740	9	0	0
Others	-843	-915	-248	-260	-273
<b>Financing Cash Flow</b>	<b>-2,871</b>	<b>-4,523</b>	<b>-1,786</b>	<b>-5,786</b>	<b>-6,905</b>
<b>Inc / Dec (-) in Cash</b>	<b>-2,572</b>	<b>1,309</b>	<b>4,064</b>	<b>235</b>	<b>243</b>
Opening Cash Balance	2,933	361	2,683	2,375	2,611
Closing Cash Balance	368	2,683	6,747	2,610	2,854

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
Shareholders' Fund	13,305	16,768	16,983	19,092	21,438
Share Capital	4,421	4,421	4,421	4,421	4,421
Reserves & Surplus	8,884	12,347	12,562	14,671	17,017
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	818	86	95	95	95
Def. Tax Liab. / Assets (-)	-411	-499	-574	-574	-574
<b>Total - Equity &amp; Liab.</b>	<b>13,712</b>	<b>16,356</b>	<b>16,504</b>	<b>18,612</b>	<b>20,959</b>
Net Fixed Assets	6,062	6,235	7,273	7,421	7,505
Gross Fixed Assets	10,522	12,199	14,897	16,897	18,897
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	4,730	6,202	7,991	9,843	11,759
Capital WIP	270	238	367	367	367
Investments	487	629	697	697	697
Current Assets	22,016	24,028	28,744	32,214	36,243
Inventories	12,096	11,399	12,824	14,466	16,388
Sundry Debtors	8,004	8,959	12,437	14,029	15,893
Cash & Bank Balances	368	2,683	2,375	2,611	2,854
Loans & Advances	0	0	0	0	0
Other Current Assets	1,548	987	1,109	1,109	1,109
Current Liab. & Prov.	14,854	14,535	20,210	21,719	23,486
Current Liabilities	9,257	9,245	11,788	13,297	15,063
Provisions & Others	5,597	5,291	8,423	8,423	8,423
Net Current Assets	7,162	9,493	8,534	10,495	12,757
<b>Total - Assets</b>	<b>13,712</b>	<b>16,356</b>	<b>16,504</b>	<b>18,613</b>	<b>20,959</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net Margin	6.9%	7.7%	6.5%	7.3%	7.5%
Asset Turnover (x)	5.6	5.4	5.5	5.8	5.8
Leverage Factor (x)	1.0	1.0	1.0	1.0	1.0
RoE	39.8%	42.5%	35.9%	42.3%	44.3%

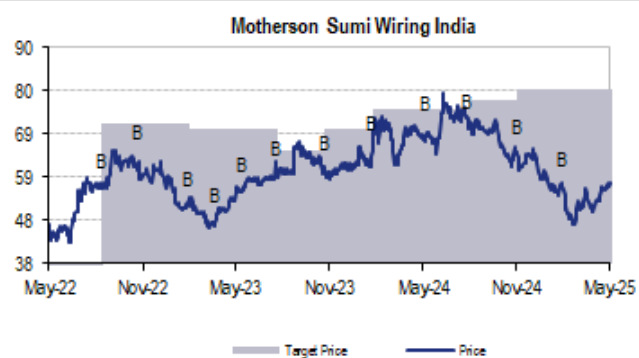
Key Ratios					
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
BV/Share (INR)	3.0	3.8	3.8	4.3	4.8
ROIC	46.9%	48.8%	44.7%	51.7%	53.5%
ROE	39.8%	42.5%	35.9%	42.3%	44.3%
Net Debt/Equity (x)	0.0	-0.2	-0.1	-0.1	-0.1
P/E (x)	51.7	39.5	41.6	33.0	28.1
P/B (x)	18.9	15.0	14.8	13.2	11.8
EV/EBITDA (x)	31.9	24.6	25.0	20.6	17.8
EV/Sales (x)	3.6	3.0	2.7	2.4	2.1
Debtor days	41	39	49	49	49
Inventory days	62	50	50	50	50
Creditor days	54	46	52	52	52

Source: Company, JM Financial

## History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
21-Aug-22	Buy	72	
31-Oct-22	Buy	71	-0.2
7-Feb-23	Buy	70	-2.0
30-Mar-23	Buy	70	0.0
21-May-23	Buy	70	0.0
28-Jul-23	Buy	65	-7.1
31-Oct-23	Buy	70	7.7
31-Jan-24	Buy	75	7.1
16-May-24	Buy	75	0.0
5-Aug-24	Buy	77	2.7
10-Nov-24	Buy	80	3.9
6-Feb-25	Buy	80	0.0
11-May-25	Buy	70	-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.

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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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