

# BONANZA WEALTH

## MANAGEMENT RESEARCH



2 January 2026

### Samvardhana Motherson International – BUY

**CMP** : Rs. 122.0  
**Target Price** : Rs. 153.0  
**Upside** : 25.4%  
**Stop Loss** : Rs. 103.0 (Closing basis)

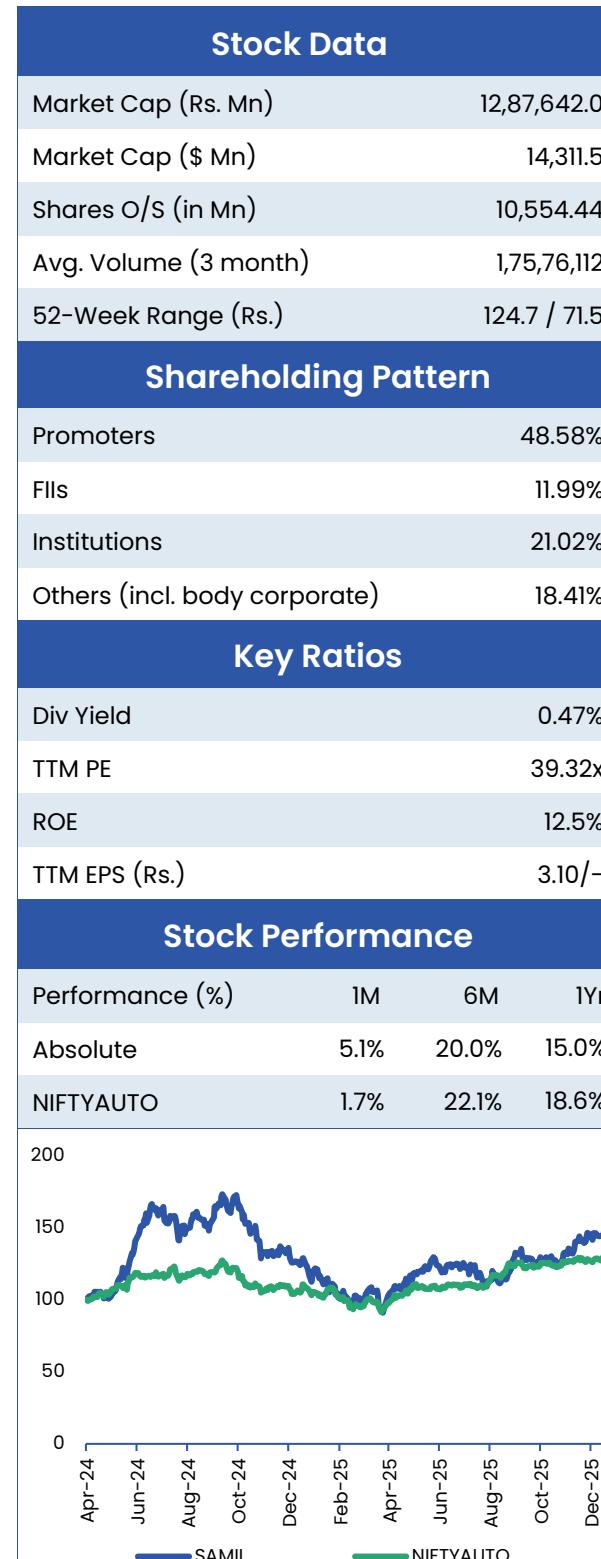
#### Investment Thesis

- Samvardhana Motherson International Limited (SAMIL) core 3CX10 framework ensures no single country, customer, or component contributes more than 10% of revenue. This approach effectively reduces concentration risk and supports a diversified approach to both geographic and customer diversification. The emerging markets (EM) contribute over 50% of FY25 revenue, effectively offsetting regional headwinds with a balanced split between developed and EM. The top-20 customers now account for ~70% of revenue, ensuring robust stability and reducing dependence, while the company's strategic merger and acquisitions (M&A) program has further deepened its global and technological footprint.
- SAMIL has built a strong track record of customer-led and value accretive M&A that has steadily expanded its technology capabilities, increased content per vehicle (CPV) and have diversified beyond traditional auto components. During FY21-FY25 ("Vision 2025") period, the company executed 23 acquisitions and inked 5 strategic partnerships, driving 2.7x revenue growth to US\$25.7bn (in constant currency terms). Recent acquisitions deals (Yachiyo, Lumen, AD Industries, Irillic, MASL) contributed roughly 7.5% of FY25 revenues, supporting 15% YoY growth in FY25 revenue despite a 1% global production decline.
- SAMIL's strategic positioning in high growth EM has become a key growth driver in its global expansion, with EM contributed 50% of total FY25 revenue. In Q2FY26, globally light vehicle production rose marginally by 3% YoY whereas SAMIL's outperformed with 8.5% revenue growth, driven by localisation and higher content per vehicle in EM like India and China. This "globally local" approach localises production which reduces logistics cost and provide hedge against forex and trade volatility.
- SAMIL is leveraging its design, engineering, manufacturing and assembly (DEMA) expertise to lower cyclical in automotive sector by diversifying into non-automotive segments. The non-auto order book reached US\$3bn in Q2FY26, led by robust traction in aerospace and consumer electronics divisions.

#### Financials

- SAMIL's Q2FY26 consolidated revenue grew to Rs.301.7bn grew by 8.5% YoY, led by increased CPV and the strategic addition of the Atsumitec acquisition.

Consol. (Rs. Bn)	FY23	FY24	FY25	FY26E	FY27E
Revenue	788	987	1,137	1,245	1,369
EBITDA	63	93	106	109	129
EBITDA Margin (%)	7.9	9.4	9.3	8.7	9.4
Adj. PAT	15	27	38	37	53
EPS (Rs.)	1.5	2.7	3.6	3.5	5.0
P/E (x)	82.9	45.7	33.9	34.5	24.3
RoE (%)	6.9	11.2	12.5	10.3	13.5



- SAMIL reported a healthy EBITDA of Rs.26.1bn up by 6.7% YoY / 6.2% QoQ, owing to better than expected margins in modules and polymers and emerging market business. EBITDA margin came in at 8.7% in Q2FY26.
- In Q2FY26, Adj. PAT grew by 14.6% YoY to 8.6bn due to higher EBITDA and reduction in interest costs.

## Key Business Highlights

- SAMIL has strategically transformed itself from a single component manufacturer into a global powerhouse specialising in DEMA expertise. The company operates through five key business segments: wiring harnesses, vision systems, modules and polymers, integrated assemblies, and an emerging business segment. While primarily focused on the automotive industry, SAMIL is actively expanding its presence in emerging non-automotive sectors, including aerospace, healthcare, logistics, consumer electronics (includes lighting and electronics), precision metals, modules, etc.
- Under its "Vision 2030", SAMIL is targeting to achieve US\$108bn in revenues and 40% RoCE, supported US\$87.2bn in total order book in Q2FY26 and 10 greenfield facilities under development.
- The Aerospace division has already achieved Tier-1 supplier status with Airbus and is also in advance discussion for high-value complex packages and, the consumer business division, where two plants are already in operations and productions are ramping up with Q2FY26 revenue increased by 36% QoQ and management expects growth to accelerate further in H2FY26.
- The company is also setting up largest ever plant of SAMIL of Consumer electronics which is expected to be operationalise by Q3FY27.
- SAMIL all upcoming 10 greenfield facilities are being set up in high-growth, emerging markets, such as six facilities in India, one in Poland, two in UAE, one in Morocco. Majority of facilities are expected to be in operations in FY27.
- Also, in Q2FY26, SAMIL started operations at 2 new facility setup in India (Consumer Electronics) and China (Wiring Harness), thereby supporting a broad range of businesses.
- SAMIL maintains a powertrain agnostic portfolio across ICE, Hybrid, and EV platforms with EV booked business representing 22% of automotive orderbook as of Q2FY26.
- SAMIL has robust manufacturing presence in China with over 30 facilities and have trusted relationship with leading local OEMs. It supplies to 7 out of top 10 local New Energy Vehicle (NEV) players in China.
- In FY23, the company acquired SAS Autosystemtechnik, establishing an Integrated Assemblies division and becoming a Tier 0.5 supplier that manages complete cockpit and door module assemblies.

## Valuation

- Samvardhana Motherson International (SAMIL) limits concentration risk through its 3CX10 framework, maintains diversified global exposure, executes customer-led value-accretive M&A, and is expanding into non-auto segments like aerospace and consumer electronics..We are assigning **BUY** rating to **Samvardhana Motherson International Limited (SAMIL)** and value at **30.5x FY27E EPS of Rs. 5.01** to arrive at **target price of Rs. 153.00, an upside of 25.4%**.

## Risk & Concern

- A 25% decline in the North American commercial vehicle market due to the EPA27 pullback poses as operational risk.
- Lower-than-expected growth in the global PV segment, along with regulatory risks like tariff wars, could harm demand.

## Graphs & Charts

Figure 1: Net Sales Trend

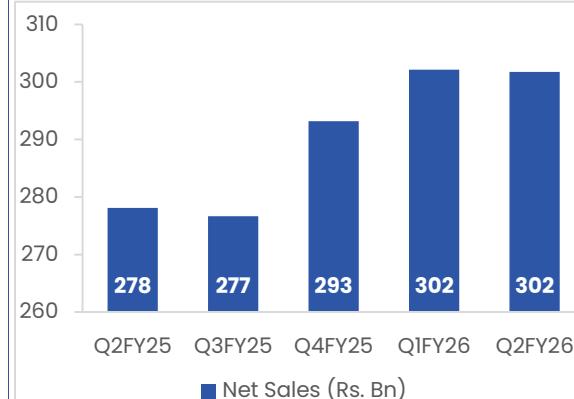


Figure 2: EBITDA & EBITDA Margin Trend

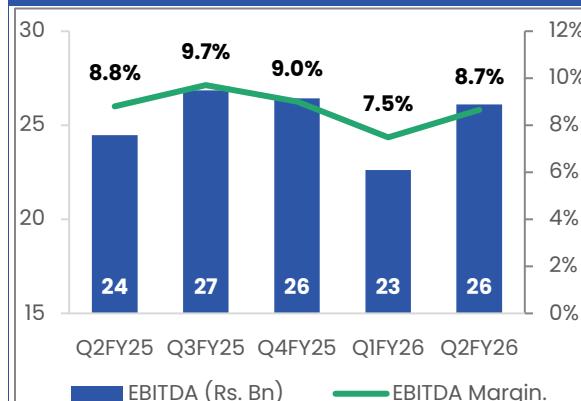


Figure 3: PAT & PAT Margin Trend

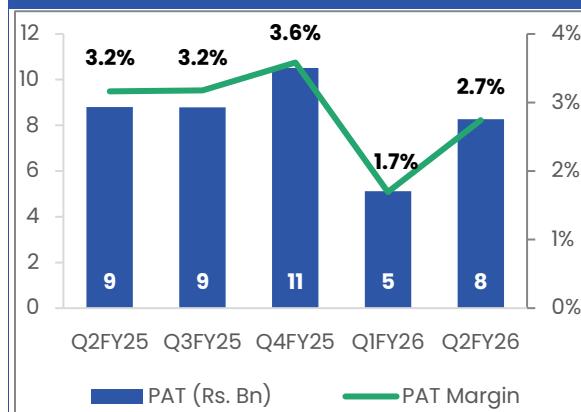
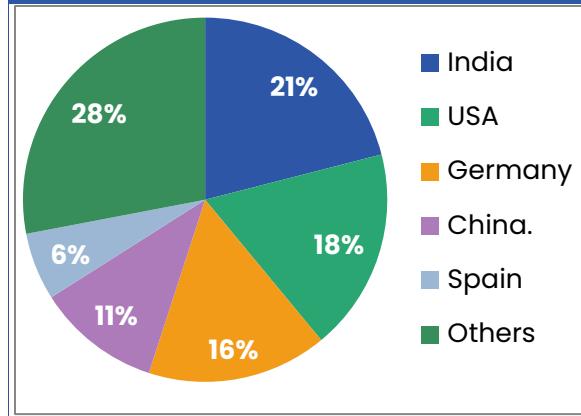


Figure 4: Geography Mix (Q2FY26)



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