

Samvardhana Motherson International SAMD.NS

30 August 2025

MOTHERSO IN

EQUITY: AUTOS & AUTO PARTS

Yutaka acquisition at very attractive valuation

Potential to add new segment of Hybrid/EV motors, EPS accretion ~3%

SAMIL, on 29 August 2025, *announced* the acquisition of an **81% stake in Yutaka Giken Co Ltd (YGCL; 7229 JP, Not rated)**, a listed Japanese automotive components company, alongside an **100% stake in Yutaka Autoparts India Pvt Ltd** (unlisted) and a **11% stake in Shinnichi Kogyo Co Ltd** (unlisted) from Honda Motor (7267 JP, Not rated). The deal will be executed via SAMIL's wholly-owned subsidiary, Motherson Global Investments BV. The transaction will close in multiple stages (tender offer, squeeze-out, buyback), with completion targeted by **1QFY27E**, subject to merger control approvals in Japan, US, China, Brazil, and Mexico.

Business overview and strategic fit: YGCL, incorporated in 1954, manufactures **braking systems, rotors and stator assemblies for motors, and thermal management systems**, supplying primarily to Honda Motor. Its FY25 turnover was **JPY179bn (~USD1.2bn)**, with operations across **13 manufacturing facilities and one R&D center in nine countries**. Honda, which currently owns ~69.7% of YGCL, will retain 19% post completion. SAMIL can potentially cross-sell Yutaka's existing product portfolio to other OEMs, especially in emerging markets.

Transaction details: The deal will be funded fully in cash, with an estimated outflow of **~JPY27bn (~USD184mn)** for the 81% stake. YGCL is a debt-free entity. Post completion, shareholding will stand at **81% SAMIL and 19% Honda**. The structure also involves the subsequent acquisition of an 11% stake in Shinnichi Kogyo from Honda after the squeeze-out process, and 100% of Yutaka India from YGCL.

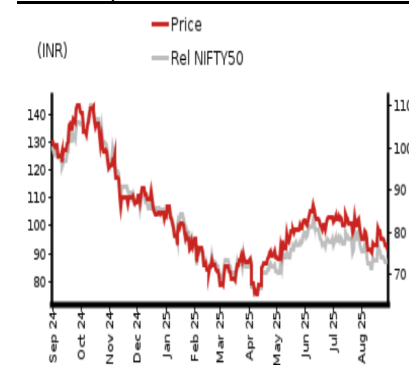
Our view: We believe the acquisition is strategically positive and inexpensive, given Yutaka has net cash of ~INR25bn on its books while the acquisition value is ~INR20bn. Assuming flat revenue and EBITDA growth for FY27F, the acquisition is valued at ~4x FY27F P/E (Fig. 2). Based on our estimates, we expect EPS accretion of ~3% in the first year itself. We believe Yutaka Giken, being a Honda group company, is likely to grow in-line with Honda for the next 1-2 years, with further potential upside from its ability to add new customers once Honda becomes a minority shareholder. Moreover, the acquisition will enhance SAMIL's product portfolio in EV components, such as motor assemblies, rotors and thermal systems. Key risks include continued decline in Honda's volumes, which could pose a risk to Yutaka's earnings.

Year-end 31 Mar	FY25		FY26F		FY27F		FY28F	
Currency (INR)	Actual	Old	New	Old	New	Old	New	
Revenue (mn)	1,136,626	1,293,511	1,293,511	1,421,978	1,421,978	1,530,867	1,530,867	
Reported net profit (mn)	38,030	41,424	41,424	57,782	57,782	72,253	72,253	
Normalised net profit (mn)	38,030	42,789	42,789	57,782	57,782	72,253	72,253	
FD normalised EPS	3.60	4.01	4.01	5.41	5.41	6.77	6.77	
FD norm. EPS growth (%)	23.5	11.3	11.3	35.0	35.0	25.0	25.0	
FD normalised P/E (x)	25.7	-	23.1	-	17.1	-	13.7	
EV/EBITDA (x)	9.8	-	8.9	-	7.4	-	6.3	
Price/book (x)	2.8	-	2.6	-	2.3	-	2.1	
Dividend yield (%)	0.9	-	1.0	-	1.4	-	1.7	
ROE (%)	12.5	11.4	11.4	14.4	14.4	16.0	16.0	
Net debt/equity (%)	24.0	15.1	15.1	4.3	4.3	net cash	net cash	

Source: Company data, Nomura estimates

Rating Remains	Buy
Target price Remains	INR 116
Closing price 29 August 2025	INR 93
Implied upside	+24.7%
Market Cap (USD mn)	11,099.1
ADT (USD mn)	20.8

Relative performance chart



Source: LSEG, Nomura

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Key data on Samvardhana Motherson International

Performance

(%)	1M	3M	12M		
Absolute (INR)	-9.6	-8.5	-28.5	M cap (USDmn)	11,099.1
Absolute (USD)	-11.0	-11.3	-32.1	Free float (%)	38.0
Rel to NIFTY50	-8.3	-7.2	-25.9	3-mth ADT (USDmn)	20.8

Income statement (INRmn)

Year-end 31 Mar	FY24	FY25	FY26F	FY27F	FY28F
Revenue	986,917	1,136,626	1,293,511	1,421,978	1,530,867
Cost of goods sold	-582,252	-655,456	-736,422	-807,271	-867,718
Gross profit	404,665	481,170	557,090	614,707	663,150
SG&A	-114,519	-136,715	-169,773	-173,569	-174,814
Employee share expense	-235,385	-283,870	-323,674	-362,066	-396,024
Operating profit	54,761	60,584	63,643	79,073	92,312
EBITDA	92,866	105,519	114,481	132,562	148,073
Depreciation	-38,105	-44,934	-50,838	-53,489	-55,761
Amortisation					
EBIT	54,761	60,584	63,643	79,073	92,312
Net interest expense	-18,112	-18,824	-14,581	-12,322	-10,050
Associates & JCEs	2,376	5,275	5,586	6,657	7,603
Other income	1,876	5,577	5,137	6,571	9,195
Earnings before tax	40,901	52,613	59,785	79,979	99,060
Income tax	-8,206	-11,156	-13,209	-18,330	-22,864
Net profit after tax	32,694	41,457	46,576	61,648	76,195
Minority interests	-3,034	-3,427	-3,788	-3,866	-3,943
Other items					
Preferred dividends					
Normalised NPAT	29,661	38,030	42,789	57,782	72,253
Extraordinary items	-2,499	0	-1,365	0	0
Reported NPAT	27,162	38,030	41,424	57,782	72,253
Dividends	-8,132	-8,972	-9,772	-13,631	-17,045
Transfer to reserves	19,030	29,058	31,652	44,151	55,208

Valuations and ratios

Reported P/E (x)	34.7	25.7	23.9	17.1	13.7
Normalised P/E (x)	31.8	25.7	23.1	17.1	13.7
FD normalised P/E (x)	31.8	25.7	23.1	17.1	13.7
Dividend yield (%)	0.9	0.9	1.0	1.4	1.7
Price/cashflow (x)	13.2	19.9	10.1	8.8	7.7
Price/book (x)	3.6	2.8	2.6	2.3	2.1
EV/EBITDA (x)	11.6	9.8	8.9	7.4	6.3
EV/EBIT (x)	19.3	16.5	15.4	12.0	9.8
Gross margin (%)	41.0	42.3	43.1	43.2	43.3
EBITDA margin (%)	9.4	9.3	8.9	9.3	9.7
EBIT margin (%)	5.5	5.3	4.9	5.6	6.0
Net margin (%)	2.8	3.3	3.2	4.1	4.7
Effective tax rate (%)	20.1	21.2	22.1	22.9	23.1
Dividend payout (%)	29.9	23.6	23.6	23.6	23.6
ROE (%)	11.2	12.5	11.4	14.4	16.0
ROA (pretax %)	8.7	8.2	8.0	9.4	10.4

Growth (%)

Revenue	25.4	15.2	13.8	9.9	7.7
EBITDA	49.6	13.6	8.5	15.8	11.7
Normalised EPS	24.0	23.5	11.3	35.0	25.0
Normalised FDEPS	24.0	23.5	11.3	35.0	25.0

Source: Company data, Nomura estimates

Cashflow statement (INRmn)

Year-end 31 Mar	FY24	FY25	FY26F	FY27F	FY28F
EBITDA	92,866	105,519	114,481	132,562	148,073
Change in working capital	4,762	-34,983	-292	-2,078	-3,587
Other operating cashflow	-25,947	-21,454	-15,702	-17,425	-16,116
Cashflow from operations	71,681	49,082	98,487	113,059	128,370
Capital expenditure	-186,218	-118,516	-60,000	-60,000	-60,000
Free cashflow	-114,537	-69,434	38,487	53,059	68,370
Reduction in investments	-2,316	-782	0	0	0
Net acquisitions					
Dec in other LT assets	-3,798	-4,548	0	0	0
Inc in other LT liabilities	13,926	3,362	0	0	0
Adjustments					
CF after investing acts	-106,725	-71,402	38,487	53,059	68,370
Cash dividends	-8,132	-8,972	-9,772	-13,631	-17,045
Equity issue	0	261	0	0	0
Debt issue	51,856	-27,076	-5,000	-5,000	-5,000
Convertible debt issue					
Others	85,872	100,220	-2,730		
CF from financial acts	129,596	64,433	-17,502	-18,631	-22,045
Net cashflow	22,871	-6,969	20,985	34,428	46,325
Beginning cash	46,987	69,858	62,888	83,873	118,301
Ending cash	69,857	62,888	83,873	118,301	164,625
Ending net debt	103,655	83,548	57,564	18,136	-33,189

Balance sheet (INRmn)

As at 31 Mar	FY24	FY25	FY26F	FY27F	FY28F
Cash & equivalents	69,858	62,888	83,873	118,301	164,625
Marketable securities					
Accounts receivable	171,943	193,284	219,963	241,809	260,325
Inventories	91,386	107,873	124,892	141,446	156,812
Other current assets	87,660	93,989	92,714	92,788	92,851
Total current assets	420,847	458,035	521,442	594,344	674,613
LT investments	65,215	65,997	65,997	65,997	65,997
Fixed assets	326,191	358,265	367,427	373,938	378,176
Goodwill					
Other intangible assets					
Other LT assets	17,218	21,766	21,766	21,766	21,766
Total assets	829,471	904,062	976,632	1,056,044	1,140,552
Short-term debt	73,706	66,046	66,046	66,046	66,046
Accounts payable	226,172	236,692	263,914	288,102	308,112
Other current liabilities	106,278	104,933	119,842	132,050	142,397
Total current liabilities	406,156	407,672	449,802	486,198	516,555
Long-term debt	99,807	80,390	75,390	70,390	65,390
Convertible debt					
Other LT liabilities	41,353	44,715	44,715	44,715	44,715
Total liabilities	547,316	532,776	569,907	601,303	626,660
Minority interest	20,606	22,482	26,270	30,136	34,078
Preferred stock					
Common stock	6,776	7,037	7,037	7,037	7,037
Retained earnings	254,773	341,767	373,419	417,570	472,777
Proposed dividends					
Other equity and reserves					
Total shareholders' equity	261,549	348,804	380,455	424,606	479,814
Total equity & liabilities	829,471	904,062	976,632	1,056,044	1,140,552

Liquidity (x)

Current ratio	1.04	1.12	1.16	1.22	1.31
Interest cover	3.0	3.2	4.4	6.4	9.2

Leverage

Net debt/EBITDA (x)	1.12	0.79	0.50	0.14	net cash
Net debt/equity (%)	39.6	24.0	15.1	4.3	net cash

Per share

Reported EPS (INR)	2.67	3.60	3.88	5.41	6.77
Norm EPS (INR)	2.92	3.60	4.01	5.41	6.77
FD norm EPS (INR)	2.92	3.60	4.01	5.41	6.77
BVPS (INR)	25.73	33.05	35.65	39.78	44.96
DPS (INR)	0.80	0.85	0.92	1.28	1.60

Activity (days)

Days receivable	50.0	58.6	58.3	59.3	60.0
Days inventory	53.2	55.5	57.7	60.2	62.9
Days payable	115.2	128.9	124.1	124.8	125.7
Cash cycle	-12.0	-14.8	-8.1	-5.3	-2.8

Source: Company data, Nomura estimates

Company profile

Samvardhana Motherson International is one of the largest automotive component suppliers in the world serving majority of the global passenger and commercial vehicle OEMs. It has presence in 41 countries and has over 270 facilities. Its products are largely divided in four categories i.e. wiring harness system, plastics and polymer products, vision and mirror systems and metal products. It has a ~65% share in wiring harness components and 53% in mirror components in India. It has a 62%/43% market share in wiring harness in North America/Europe in Heavy Duty trucks. The company had announced a reorganisation on July 02, 2020, which includes demerger of domestic wiring harness (DWH) business to a new company "Motherson Sumi Wiring India Limited" (MSUMI) with mirror shareholding. Moreover, it has set out a vision to increase its revenues to USD36bn (~USD 10bn in FY20) by 2025 with 25% of revenues coming from non-automotive businesses like aerospace, medical, logistics and IT. It has also guided for a 40% ROCE for its consolidated business by 2025.

Valuation Methodology

We value MOTHERSO based on 19x (18x earlier), in the middle of its historical trading band of 18-20x, to factor in the risks from global uncertainty over tariffs impacting demand. We attribute this to FY27F EPS roll forward to Jun-26F to arrive at our TP of INR116. The benchmark index for this stock is Nifty 50.

Risks that may impede the achievement of the target price

Downside Risks 1) lower-than-anticipated new order wins at SMRP BV; 2) slower turnaround in profitability for SMP; 3) sustained weak volumes performance by VW; 4) subdued demand or market share loss in the domestic market; 5) any material import tax in US geography can impact MOTHERSO's key clients (like Audi) and affect MOTHERSO'S order book.

ESG

Samvardhana Motherson International has an 'Environment Policy' which guides the organisation to continually mitigate the impact on climate change and global warming. Moreover, sustainability is incorporated in its global code of conduct which is signed by all its employees. It also has a stated environmental, occupation and health policy for all its vendors. It has taken various initiatives across its facilities to reduce waste, recycle and promote use of environment friendly materials like eco mirrors. It is also working towards reducing paper manuals by digitalising the manufacturing facility. Moreover, it follows a high governance standard and is frequently audited by all its OEMs on various quality factors including ESG.

Fig. 1: Yutaka Giken – financials

Yen mn	FY20	FY21	FY22	FY23	FY24	FY25	1QFY25	2QFY25	3QFY25	4QFY25
Total Revenue	163,435	191,326	213,395	218,004	216,260	179,213	45,208	43,316	46,482	44,207
% y-y			12%	2%	-1%	-17%	-6%	-22%	-25%	-12%
Total RMC	142,378	172,046	190,725	198,788	189,418	155,477	39,739	37,831	40,141	37,766
% of sales	87.1%	89.9%	89.4%	91.2%	87.6%	86.8%	87.9%	87.3%	86.4%	85.4%
Gross Profit	21,057	19,280	22,670	19,216	26,842	23,736	5,469	5,485	6,341	6,441
% of sales	12.9%	10.1%	10.6%	8.8%	12.4%	13.2%	12.1%	12.7%	13.6%	14.6%
Total Exps	8,562	7,616	7,175	6,979	7,986	8,945	2,007	2,009	2,822	2,107
EBITDA	12,495	11,664	15,495	12,237	18,856	14,791	3,462	3,476	3,519	4,334
% y-y		-7%	33%	-21%	54%	-22%				
% of sales	7.6%	6.1%	7.3%	5.6%	8.7%	8.3%	7.7%	8.0%	7.6%	9.8%
Dep	8,397	8,358	8,384	9,035	8,652	8,990	2,195	2,364	2,395	2,036
EBIT	4,098	3,306	7,111	3,202	10,204	5,801	1,267	1,112	1,124	2,298
% of sales	2.5%	1.7%	3.3%	1.5%	4.7%	3.2%	2.8%	2.6%	2.4%	5.2%
Other Income	490	336	1,742	651	914	546	263	84	66	133
Net Finance Cost	43	-196	-2,512	-1,080	-905	-441	-417	746	-1,069	299
PBT	4,545	3,838	11,365	4,933	12,023	6,788	1,947	450	2,259	2,132
Tax exps	3,195	4,041	4,487	3,294	3,643	1,746	615	478	156	497
Tax Rate	70.3%	105.3%	39.5%	66.8%	30.3%	25.7%	31.6%	106.2%	6.9%	23.3%
PAT	1,350	-203	6,878	1,639	8,380	5,042	1,332	-28	2,103	1,635
% of sales	0.8%	-0.1%	3.2%	0.8%	3.9%	2.8%	2.9%	-0.1%	4.5%	3.7%
Capex	9,877	7,826	5,837	4,259	3,411	3,957				
FCF	2,939	8,325	6,305	(196)	18,939	-135				
Total Debt	8,987	10,327	10,439	6,584	3,558	0				
Cash & Cash Equivalents	23,866	34,054	42,073	33,696	49,165	42,762				
Net Debt	(14,879)	(23,727)	(31,634)	(27,112)	(45,607)	(42,762)				
Equity	74,777	76,028	94,974	97,421	109,820	111,550				
Total Capital Employed	83,764	86,355	105,413	104,005	113,378	111,550				
Pre tax ROCE (%)	4.9%	3.9%	7.4%	3.1%	9.4%	5.2%				

Source: Company Data, Nomura research

Fig. 2: Yutaka Giken – Valuation summary

Assuming FY27F to be flat	
mn	Base Case
Revenue	179,213
EBITDA Margin	8.3%
EBIT	5,801
EBIT Margin	3.2%
Interest	(441)
Other Income	546
PBT	6,788
Tax	1,746
PAT (JPY mn)	5,042
SAMIL share @81% -A (INR mn)	2,450
SAMIL PAT FY27F + (A) (INR mn)	60,233
Less: Interest On Loan @ 6% (Purchase Value) (Net of Tax)	729
Final PAT (INR mn)	59,504
No of Shares	10673
Post Aquisition EPS	5.58
Motherson FY27F EPS	5.41
% accretion	3.0%
Equity Value (INR mn)	20,000
Net Debt	-25657.2
EV	(5,657.20)
EV/EBTDA (FY27F)	(0.38)
P/E (FY27F)	3.97

Note: JPY/INR at 0.60
 Source: Company Data, Nomura estimates

Fig. 3: Yutaka Giken – product portfolio (1/2)

Motor Assemblies



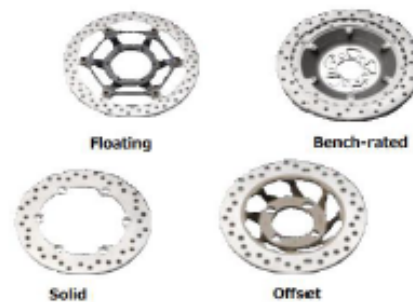
Thermal Management Systems



Source: Company Data, Nomura research

Fig. 4: Yutaka Giken – product portfolio (2/2)

Braking Systems



Drive Systems



Source: Company Data, Nomura research

Appendix A-1

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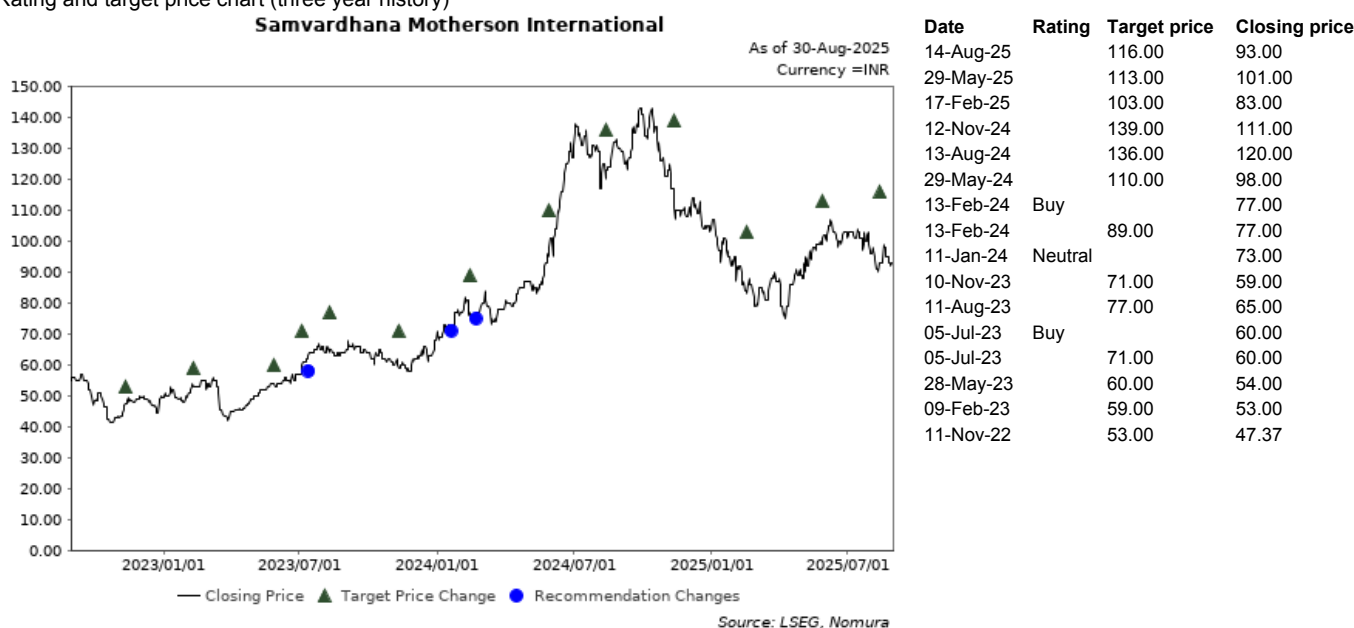
Materially mentioned issuers

Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
Samvardhana Motherson International	MOTHERSO IN	INR 93	29-Aug-2025	Buy	N/A	

Samvardhana Motherson International (MOTHERSO IN)

INR 93 (29-Aug-2025) Buy (Sector rating: N/A)

Rating and target price chart (three year history)



For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology We value MOTHERSO based on 19x (18x earlier), in the middle of its historical trading band of 18-20x, to factor in the risks from global uncertainty over tariffs impacting demand. We attribute this to FY27F EPS roll forwarded to Jun-26F to arrive at our TP of INR116. The benchmark index for this stock is Nifty 50.

Risks that may impede the achievement of the target price Downside Risks 1) lower-than-anticipated new order wins at SMRP BV; 2) slower turnaround in profitability for SMP; 3) sustained weak volumes performance by VW; 4) subdued demand or market share loss in the domestic market; 5) any material import tax in US geography can impact MOTHERSO's key clients (like Audi) and affect MOTHERSO'S order book.

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As at 30 June 2025.

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** As defined by the EU Market Abuse Regulation

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The rating system is a relative system, indicating expected performance against a specific benchmark identified for each individual stock, subject to limited management discretion. An analyst's target price is an assessment of the current intrinsic fair value of the stock based on an appropriate valuation methodology determined by the analyst. Valuation methodologies include, but are not limited to, discounted cash flow analysis, expected return on equity and multiple analysis. Analysts may also indicate expected absolute upside/downside relative to the stated target price, defined as (target price - current price)/current price.

STOCKS

A rating of **'Buy'**, indicates that the analyst expects the stock to outperform the Benchmark over the next 12 months. A rating of **'Neutral'**, indicates that the analyst expects the stock to perform in line with the Benchmark over the next 12 months. A rating of **'Reduce'**, indicates that the analyst expects the stock to underperform the Benchmark over the next 12 months. A rating of **'Suspended'**, indicates that the rating, target price and estimates have been suspended temporarily to comply with applicable regulations and/or firm policies. Securities and/or companies that are labelled as **'Not rated'** or shown as **'No rating'** are not in regular research coverage. Investors should not expect continuing or additional information from Nomura relating to such securities and/or companies. Benchmarks are as follows: **United States/Europe/Asia ex-Japan**: please see valuation methodologies for explanations of relevant benchmarks for stocks, which can be accessed at: <http://go.nomuranow.com/research/m/Disclosures>; **Global Emerging Markets (ex-Asia)**: MSCI Emerging Markets ex-Asia, unless otherwise stated in the valuation methodology; **Japan**: Russell/Nomura Large Cap.

SECTORS

A **'Bullish'** stance, indicates that the analyst expects the sector to outperform the Benchmark during the next 12 months. A **'Neutral'** stance, indicates that the analyst expects the sector to perform in line with the Benchmark during the next 12 months. A **'Bearish'** stance, indicates that the analyst expects the sector to underperform the Benchmark during the next 12 months. Sectors that are labelled as **'Not rated'** or shown as **'N/A'** are not assigned ratings. Benchmarks are as follows: **United States**: S&P 500; **Europe**: Dow Jones STOXX 600; **Global Emerging Markets (ex-Asia)**: MSCI Emerging Markets ex-Asia. **Japan/Asia ex-Japan**: Sector ratings are not assigned.

Target Price

A Target Price, if discussed, indicates the analyst's forecast for the share price with a 12-month time horizon, reflecting in part the analyst's estimates for the company's earnings. The achievement of any target price may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings differ from estimates.

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