ArihantCapital
Generating Wealth

Q3FY26 - Result Update
11th Feb 2026

Samvardhana Motherson International Ltd

Strong Q3 execution; earnings momentum improves

CMP: INR 130

Rating: Accumulate

TP: INR 148

Stock Info	
BSE	517334
NSE	MOTHERSON
Bloomberg	MSS:IN
Reuters	SAMD.NS
Sector	Auto Ancillary
Face Value (INR)	1
Equity Cap (INR Mn)	7,040
Mkt Cap (INR Mn)	136,997
52w H/L (INR)	132/ 71.5
Avg Yearly Volume (in 000')	18,087

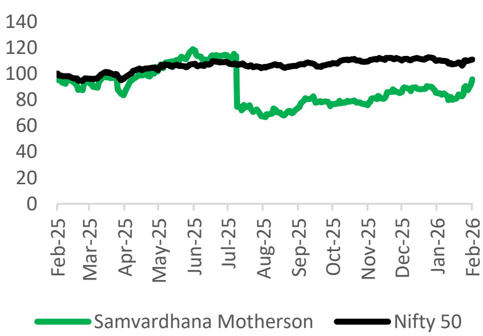
Shareholding Pattern %

(As on Dec 2025)

Promoters	48.60
FII	11.75
DII	21.57
Public & Others	18.08

Stock Performance (%)	1m	3m	12m
Motherson	11.92	26.21	-4.48
Nifty 50	0.98	1.41	10.92

Motherson Vs Nifty 50



Abhishek Jain
abhishek.jain@arihantcapital.com
022 67114851

Jyoti Singh
jyoti.singh@arihantcapital.com
022 6711483

Samvardhana Motherson International Ltd (SMIL) reported its Q3FY26 numbers, with revenue at INR 3,14,094 Mn (up by 13.53% YoY and 4.10% QoQ), above our estimate of INR 2,97,347 Mn. Gross profit stood at INR 1,46,406 Mn (up by 12.34% YoY and by 7.10% QoQ), above our estimate of INR 1,35,905 Mn. Gross margins expanded by 131 bps QoQ and contracted by 49 bps YoY to 46.6%, above our estimate of 45.7%. EBITDA stood at INR 30,431 Mn (up by 13.30% YoY and 16.56% QoQ) above our estimate of INR 26,190 Mn. EBITDA margin increased by 104 bps QoQ and flat YoY to 9.69%, above our estimate of 8.81%. PAT stood at INR 10,723 Mn (up by 8.93% YoY and by 26.8% QoQ), above our estimate of INR 9,476 Mn. PAT margin expanded by 61 bps QoQ and contracted 14 bps YoY to 3.41% in Q3FY26, compared to 3.56% in Q3FY25. Adjusted PAT came at INR 11,188 Mn.

Greenfield Expansion Pipeline support growth for FY27 and Beyond: The company is executing a well-planned capacity expansion strategy, with 12 greenfield plants currently under development across emerging markets, covering both automotive and non-automotive businesses. During Q3FY26, the company announced 2 additional greenfield facilities, including a vision systems plant in India and a wiring harness plant in Morocco. Management indicated that most of these greenfield projects are expected to become operational by H2FY27, with revenue contribution beginning in FY27.

Rapid Scale-Up of Consumer Electronics and Aerospace Enhances Diversification: Non-automotive businesses are emerging as meaningful growth drivers for the company. During Q3 FY26, emerging businesses recorded 50%+ growth, led by consumer electronics and aerospace. The consumer electronics segment grew 75% QoQ, accompanied by meaningful margin improvement, reflecting rapid ramp-up and better operating leverage. 2 plants are currently operational and are expected to reach an annual capacity of ~16 Mn units by end-FY26. A 3rd plant is scheduled to commence operations in Q3FY27, which will 2x capacity and enable vertical integration, further improving margins. The aerospace business also delivered over 40% YoY growth, supported by a growing order book and expansion into business jets and rotary-wing aircraft. These segments provide diversification beyond automotive and support longer-term margin expansion.

Acquisitions and Strategic Partnerships Strengthen Global Platform: During Q3, SAMIL signed an agreement to acquire 100% of Nexen Auto Electric's wiring harness business, which is expected to close by end of H1FY27 and will enhance its position in global PV and CV wiring systems. Additionally, the previously announced acquisition of Yutaka Giken in Japan is expected to close in H1FY27, with the tender offer for ~30% public shareholding already initiated. Beyond acquisitions, the company announced strategic initiatives such as a dedicated Ro-Ro terminal at DigiPort, Maharashtra, and a JV with Egtronics Co Limited focused on clean mobility electronics. These initiatives deepen customer engagement and support long-term growth.

Outlook and Valuation:

The company expects Q4FY26 should be better than Q3, supported by the full impact of restructuring benefits in Europe, recovery of pending customer pass-throughs (including copper-related recoveries), and operating leverage from higher volumes. While global auto demand remains uneven, growth in emerging markets and a supportive FY27 PV production outlook provide downside protection. The ramp-up in consumer electronics and aerospace, with sharp QoQ and YoY growth respectively, continues to improve diversification and margin profile, with capacity expansion into FY27 acting as a key earnings lever. Balance sheet strength, with net debt/EBITDA at ~1.1x, allows the company to fund greenfields and acquisitions without stressing leverage. **We expect SAMILs revenue, EBITDA, and PAT to grow at a CAGR of 8.61%, 16.59%, and 27.65%, respectively, over FY26-FY28E. We used DCF model to arrive at a target price of INR 148 per share. Accordingly, we assign "Accumulate" rating to the stock with an upside of 14.1%.**

Exhibit 1: Financial Highlights

Year-end March							
(INR Mn)	Net Sales	EBITDA	PAT	EPS (INR)	EBITDA Margin (%)	EV/EBITDA	P/E (x)
FY25	11,36,626	1,05,519	41,457	5.5	9.3%	9.1	23.5
FY26E	12,37,116	1,11,969	37,485	3.6	9.1%	8.6	36.3
FY27E	13,87,905	1,29,092	49,578	4.7	9.3%	7.5	27.5
FY28E	15,85,147	1,52,197	61,076	5.8	9.6%	6.3	22.3

Source: Arihant Research, Company Filings

Exhibit 2: Financial Highlights

INR Mn (Consolidated)	Q3FY26	Q2FY26	Q3FY25	*Q-o-Q*	*Y-o-Y*
Net Sales	3,14,094	3,01,730	2,76,659	4.1%	13.5%
Material Cost	1,68,029	1,67,102	1,56,640	0.6%	7.3%
Change in Inventory	-341	-2,073	-10,303	-83.6%	-96.7%
Gross Profit	1,46,406	1,36,700	1,30,322	7.1%	12.3%
Gross Margin %	46.61%	45.31%	47.11%	2.9%	-1.0%
Employees benefits expense	77,998	74,401	71,171	4.8%	9.6%
Other Expenses	37,978	36,193	32,294	4.9%	17.6%
EBITDA	30,431	26,107	26,858	16.6%	13.3%
EBITDA margin %	9.69%	8.65%	9.71%	12.0%	-0.2%
Depreciation	13,208	12,179	11,124	8.5%	18.7%
EBIT	17,222	13,929	15,734	23.6%	9.5%
EBIT Margin %	5.48%	4.62%	5.69%	18.8%	-3.6%
Other income	514	1,212	1,112	-57.6%	-53.8%
Finance costs	3,411	3,865	4,661	-11.8%	-26.8%
Exceptional item	-465	-362	0	28.5%	NA
PBT	13,861	10,914	12,185	27.0%	13.8%
Tax-Total	4,543	3,914	3,373	16.1%	34.7%
Tax Rate (%) - Total	32.78%	35.86%	27.68%	-8.6%	18.4%
Reported Net Profit	10,723	8,456	9,843	26.8%	8.9%
PAT Margin %	3.41%	2.80%	3.56%	21.8%	-4.1%
Reported EPS (INR)	1.02	0.80	1.40	26.8%	-27.4%

	Q3FY26	Q2FY26	Q3FY25	*Q-o-Q*	*Y-o-Y*
RMC/Sales (%)	53.39	54.69	52.89	-2.4%	0.9%
Employee exp/Sales (%)	24.83	24.66	25.73	0.7%	-3.5%
Other exp/Sales (%)	12.09	12.00	11.67	0.8%	3.6%

Source: Arihant Research, Company Filings

Samvardhana Motherson International- Concall Highlights

Management remains confident of a better Q4FY26 compared to Q3, aided by the flow-through of restructuring benefits in Europe, recovery of pending customer recoveries (including copper-related pass-throughs), and continued operational improvements.

Greenfield Expansion & Capacity Build-up

The group currently has 12 greenfield plants under development, spread across emerging markets and spanning both automotive and non-automotive segments.
During Q3, announced 2 new greenfield facilities, including a vision systems plant in India and a wiring harness plant in Morocco.
Most greenfield facilities are expected to be commissioned by H2FY27, with meaningful revenue contribution starting from FY27.

Industry and Market Outlook

Global PV production declined on a YoY basis in Q3FY26; however, growth in emerging markets offset weakness in developed markets caused by platform mix changes.
A constructive medium-term outlook, with global PV production expected to rise to ~93 Mn units in FY27 versus ~91 Mn units in FY26.

Consumer Electronics and Aerospace

Emerging businesses delivered over 50% growth, led by consumer electronics, aerospace, and first-time consolidation of Atsumitec business.
The consumer electronics business grew 75% QoQ, accompanied by meaningful margin improvement.
The aerospace business recorded over 40% YoY growth, supported by a rising order book, portfolio expansion, and increased content per customer across business jets and rotary-wing aircraft.
2 consumer electronics plants are operational and are expected to reach annual capacity of ~16 Mn units by end-FY26; a third plant is scheduled for commissioning in Q3FY27, which will double capacity and enable vertical integration.

Strategic Initiatives

Signed a definitive agreement to acquire 100% of Nexen AutoElectric's wiring harness business, expected to close by end of H1FY27, strengthening its global PV and CV wiring platform.
The acquisition of Yutaka Giken (Japan) is expected to close in H1FY27, with the tender offer for ~30% public shareholding already initiated.
The company also announced strategic initiatives including a dedicated Ro-Ro terminal at DigiPort, Maharashtra, and a JV with Egtronics Co Limited focused on clean mobility electronics.

Other Highlights

Margin improvement across modules, polymers, and integrated assemblies was largely driven by operational efficiencies and restructuring actions in Europe, rather than temporary commodity or forex tailwinds.
Restructuring benefits are now flowing through and further efficiency gains are expected via automation, AI adoption, and robotics.
Integrated Assemblies continues to see margin improvement as group synergies, deeper manufacturing integration, and financial discipline take effect.
New verticals such as aerospace, semiconductors, and consumer electronics follow a "follow-the-customer" and partnership-led approach, reducing execution and capital risk.
Net debt to LTM EBITDA at 1.1x, well within stated financial policy and providing adequate headroom for growth investments.
Incurred CapEx of INR 15,940 Mn in Q3 FY26, focused on capacity additions across automotive and non-automotive businesses. Cumulative 9MFY26 CapEx stood at ~INR 42,000 Mn, and full-year FY26 CapEx guidance of ~INR 60,000 Mn (±10%).

Key Charts

Exhibit 3: 14% YoY Revenue growth led by organic expansion and consolidation

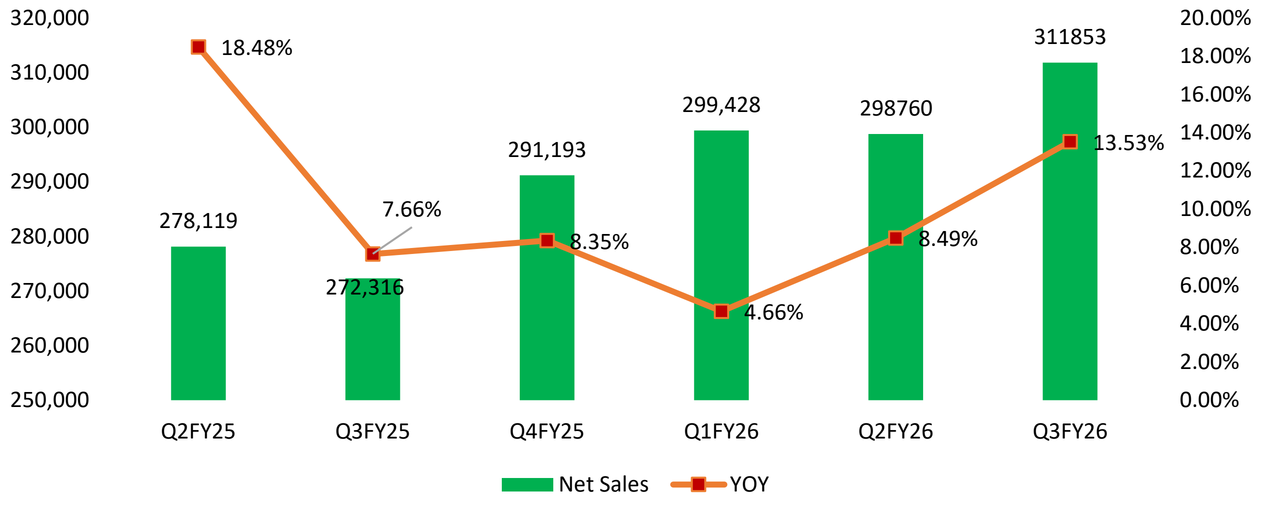


Exhibit 4: EBITDA expands on restructuring benefits and operating leverage

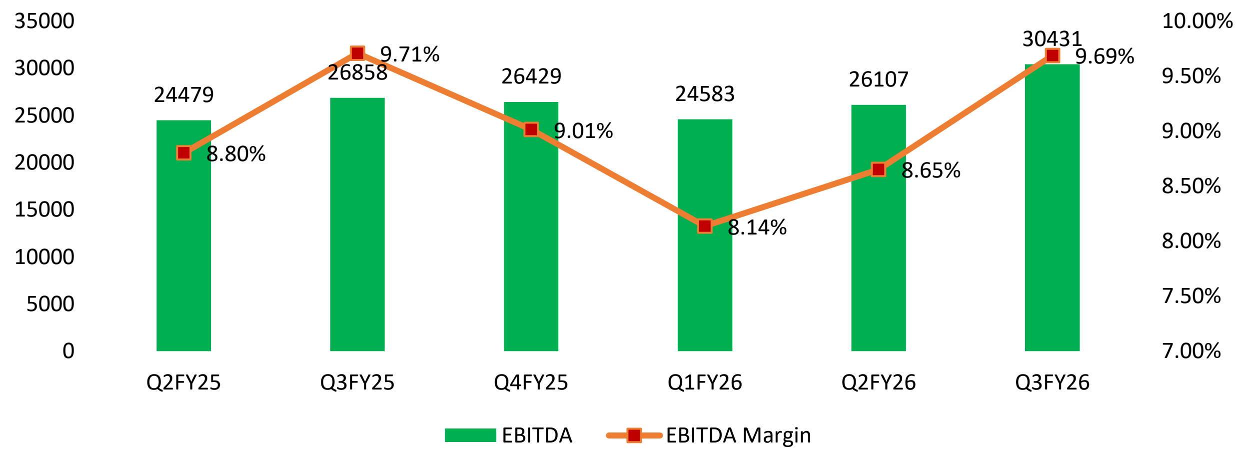
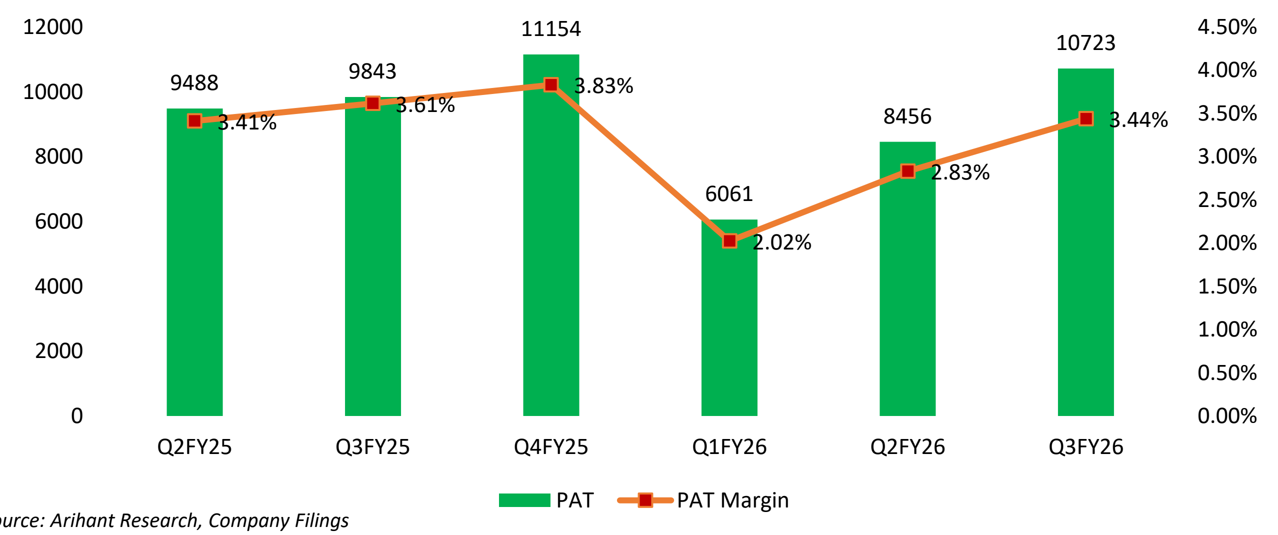


Exhibit 5: Normalized PAT growth accelerates on lower costs and higher JV contribution



Source: Arihant Research, Company Filings

Key Charts

Exhibit 6: EPS growth tracks earnings recovery and margin expansion

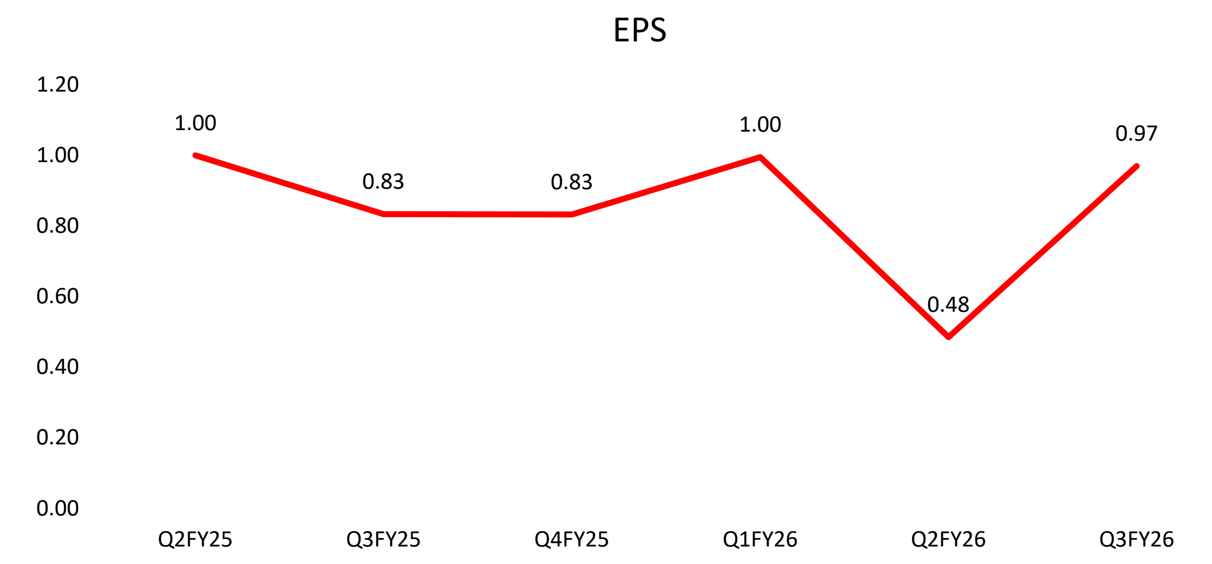
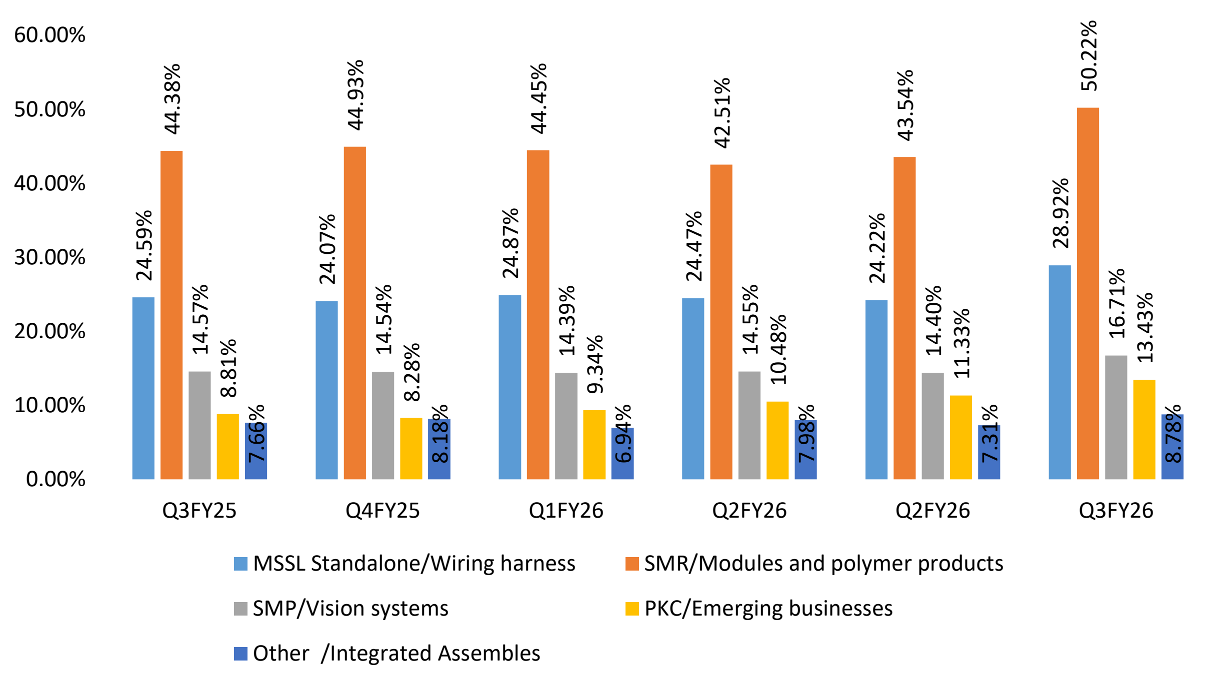


Exhibit 7: Revenue mix shifts gradually towards emerging and non-auto businesses



Source: Arihant Research, Company Filings

Key Financials

Income statement (INR mn)				
Year End-March	**FY25**	**FY26E**	**FY27E**	**FY28E**
Gross Sales	11,36,626	12,37,116	13,87,905	15,85,147
Net Sales	11,36,626	12,37,116	13,87,905	15,85,147
YoY (%)	15.17%	8.84%	12.19%	14.21%
Adjusted COGS	**6,10,522**	**6,65,553**	**7,35,914**	**8,35,746**
YoY (%)	12.20%	9.01%	10.57%	13.57%
Personnel/ Employee benefit expenses	2,83,870	3,09,842	3,54,895	4,05,325
YoY (%)	20.60%	9.15%	14.54%	14.21%
Manufacturing & Other Expenses	1,36,715	1,49,751	1,68,004	1,91,879
YoY (%)	17.65%	9.54%	12.19%	14.21%
Total Expenditure	**10,31,107**	**11,25,147**	**12,58,813**	**14,32,950**
YoY (%)	15.73%	6.11%	15.29%	17.90%
EBITDA	**1,05,519**	**1,11,969**	**1,29,092**	**1,52,197**
YoY (%)	15.73%	6.11%	15.29%	17.90%
EBITDA Margin (%)	9.28%	9.05%	9.30%	9.60%
Depreciation	44,934	50,675	56,764	63,584
% of Gross Block	9.86%	9.30%	9.21%	9.19%
EBIT	**60,585**	**61,293**	**72,328**	**88,613**
EBIT Margin (%)	5.33%	4.95%	5.21%	5.59%
Interest Expenses	18,824	15,117	17,257	19,699
Non-operating/ Other income	5,577	3,056	3,455	3,946
PBT	**52,613**	**52,593**	**64,795**	**80,020**
Tax-Total	11,156	15,108	15,217	18,944
Adj. Net Profit	**41,457**	**39,676**	**49,578**	**61,076**
Reported Profit	**41,457**	**37,485**	**49,578**	**61,076**
PAT Margin	3.65%	3.03%	3.57%	3.85%
Shares o/s/ paid up equity sh capital	7,037	10,555	10,555	10,555
Basic EPS	5.50	3.55	4.70	5.79
Dividend payment	14,073	26,388	36,943	47,498
Dividend payout (%)	33.95%	70.40%	74.51%	77.77%
Retained earnings	27,384	11,097	12,636	13,579

Balance sheet				
Year-end March	**FY25**	**FY26E**	**FY27E**	**FY28E**
Sources of Funds				
Equity Share Capital	7,037	10,555	10,555	10,555
Reserves & Surplus/ Other Equity	27,328	38,425	51,061	64,640
Networth	**3,71,286**	**3,82,383**	**3,95,019**	**4,08,598**
Unsecured Loans/ Borrowings/ Lease Liabilities	1,56,367	1,66,069	1,79,223	1,97,142
Other Liabilities	22,177	22,499	22,886	23,350
Total Liabilities	**9,28,473**	**9,27,052**	**9,86,292**	**10,64,585**
Total Funds Employed	**17,20,452**	**17,03,863**	**18,05,202**	**19,39,914**
Application of Funds				
Net Fixed Assets	**-24,306**	**-26,068**	**-28,674**	**-31,542**
Capital WIP	26,068	28,674	31,542	34,696
Investments/ Notes/ Fair value measurement	3,720	4,092	4,502	4,952
Current assets	**4,33,079**	**3,79,484**	**3,76,375**	**3,83,443**
Inventory	1,07,873	1,00,841	86,578	87,057
Days	57	55	43	38
Debtors	1,74,307	1,15,618	1,06,762	93,244
Days	35	34	28	21
Other Current Assets	35,572	42,687	51,224	56,346
Cash and Cash equivalent	56,426	58,006	60,323	66,273
Current Liabilities/Provisions	**4,20,694**	**3,94,428**	**4,23,891**	**4,66,731**
Creditors / Trade Payables	2,36,692	2,03,433	2,25,240	2,62,624
Days	68	66	66	67
Liabilities	1,02,013	1,11,350	1,21,621	1,29,508
Net Current Assets	**12,385**	**-14,944**	**-47,516**	**-83,288**
Total Asset	**9,28,473**	**9,27,052**	**9,86,292**	**10,64,585**
Total Capital Employed	**9,16,087**	**9,41,996**	**10,33,808**	**11,47,873**

Source: Arihant Research, Company Filings

Cash Flow Statement				
Year End-March	**FY25**	**FY26E**	**FY27E**	**FY28E**
Profit After tax	**41,457**	**37,485**	**49,578**	**61,076**
Adjustments: Add				
Depreciation and amortisation	44,934	50,675	56,764	63,584
Interest adjustment	13,247	12,061	13,802	15,753
Change in assets and liabilities	85,565	73,833	83,202	92,916
Inventories	-16,487	7,032	14,263	-479
Trade receivables	-21,342	56,791	6,769	11,222
Trade payables	10,520	-33,259	21,807	37,384
Other Liabilities and provisions	-5,307	6,035	7,134	4,907
Other Assets	-6,813	-14,827	-17,407	-8,523
Taxes	-1,588	-	-	-
Net cash from operating activities	**44,548**	**95,605**	**1,15,767**	**1,37,428**
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-77,289	-89,739	-97,539	-1,09,083
Net Sale/(Purchase) of investments	4,795	-3,535	-10,595	-12,883
Others	-4,546	-4,353	-5,282	-6,352
Net cash (used) in investing activities	**-76,758**	**-97,794**	**-1,13,418**	**-1,28,319**
Interest expense	-37,422	-1,522	-380	1,751
Dividend paid	-14,073	-26,388	-36,943	-47,498
Other financing activities	-43,336	-22,869	-36,943	-47,498
Net cash (used) in financing activities	**25,240**	**-640**	**83**	**2,262**
Closing Balance	**62,888**	**60,059**	**62,492**	**73,863**
FCF	**-21,210**	**18,668**	**38,271**	**53,199**
Capex (% of sales)	45,465	61,189	63,436	63,409

Key Ratios				
Year-end March	**FY25**	**FY26E**	**FY27E**	**FY28E**
Solvency Ratios				
Debt / Equity	0.39	0.40	0.40	0.40
Net Debt / Equity	0.23	0.24	0.24	0.22
Debt / EBITDA	1.39	1.35	1.22	1.08
Current Ratio	0.79	0.81	0.73	0.59
DuPont Analysis				
Sales/Assets	1.22	1.33	1.41	1.49
Assets/Equity	2.50	2.42	2.50	2.61
RoE	11.17%	9.80%	12.55%	14.95%
Per share ratios				
Reported EPS	5.50	3.55	4.70	5.79
Dividend per share	2.00	2.50	3.50	4.50
BV per share	52.77	36.23	37.42	38.71
Cash per Share	8.02	5.50	5.72	6.28
Revenue per Share	161.53	117.21	131.49	150.18
Profitability ratios				
Net Profit Margin (PAT/Net sales)	3.06%	3.65%	3.03%	3.57%
Gross Profit / Net Sales	46.29%	46.20%	46.98%	47.28%
EBITDA / Net Sales	9.28%	9.05%	9.30%	9.60%
EBIT / Net Sales	5.33%	4.95%	5.21%	5.59%
ROCE (%)	11.93%	11.51%	12.86%	14.82%
Activity ratios				
Inventory Days	57.48	55.30	42.94	38.02
Debtor Days	35.00	34.11	28.08	21.47
Creditor Days	67.81	66.41	66.06	66.87
Leverage ratios				
Interest coverage	3.22	4.05	4.19	4.50
Debt / Asset	0.16	0.16	0.16	0.15
Valuation ratios				
EV / EBITDA	9.08	8.62	7.50	6.33
PE (x)	23.45	36.32	27.46	22.29

Source: Arihant Research, Company Filings

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park	
Building No. 10, 1st Floor	6 Lad Colony,
Andheri Ghatkopar Link Road	Y.N. Road,
Chakala, Andheri (E)	Indore - 452003, (M.P.)
Mumbai – 400093	Tel: (91-731) 4217100/101
Tel: (91-22) 42254800	CIN: L66120MP1992PLC007182

Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	**SMS: 'Arihant' to 56677**	www.arihantcapital.com	instresearch@arihantcapital.com

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800

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Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800

Abhishek Jain
Head of Research
Abhishek.jain@arihantcapital.com

Abhishek Chhajed Jain
Digitally signed by Abhishek Chhajed Jain
Date: 2026.02.11 09:11:50 +05'30'