

April 20, 2016

Buy Around:	₹ 262-264
SL:	₹ 256
Target:	₹ 280-285
Upside:	8.75%
Horizon:	1 Month

The company is the Market leader with over 65% market share of passenger car wiring harnesses in India, serving a global customer base through manufacturing bases spread across India, Middle East, Europe, Sri Lanka, Thailand, Japan and Mexico, strong presence in Europe two wheeler and material handling equipment markets along with commercial vehicle segment in USA, full service supplier with complete in-house design capability, design validation and lab testing which enables SMG to provide complete design support to its customers.

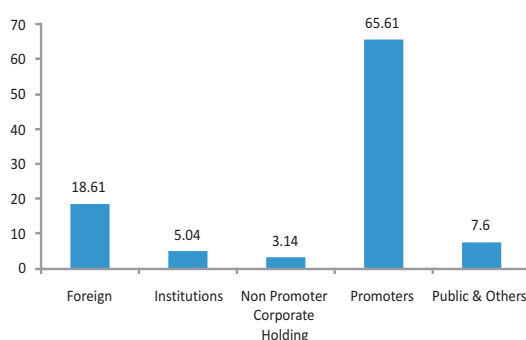
VALUE PARAMETERS

Current Mkt.Price (Rs.)	261.15
Face Value (Rs.)	1.00
52 Week High/Low	395.85/206.20
M.Cap (Rs. in Cr.)	34546.99
EPS (Rs.)	9.19
P/E Ratio (times)	28.41
P/B Ratio (times)	10.43
Dividend Yield (%)	0.77
Stock Exchange	BSE

STOCK DATA

BSE Code	517334
NSE Symbol	MOTHERSUMI
Reuters	MOSS.BO
Bloomberg	MSS IN

SHAREHOLDING PATTERN (DEC 2015)



INVESTMENT ARGUMENTS

- Motherson Sumi Systems supplies components, modules and systems to the automotive sector. Its business portfolio encompasses electrical distribution system (EDS), polymer products and complete module solutions. It is the largest supplier of EDS to the Indian automotive industry.
- According to management, third quarter results reflect the company efforts to further strengthen its foundations and financials. Continuously look for ways to improve the performance of each unit around the world and that way, strengthen its support to customers from the bottom up and adapt to the evolving requirements of the market.
- It has reported strong numbers for the third quarter ended December 2015 on a consolidated basis. Consolidated net profit rose 21% yoy to Rs307.6 crore. Pre-minority interest PAT rose 7% at Rs427 crore. Consolidated revenue grew by 8% to Rs9,860 crore during the quarter. International sales accounted for almost 86% of the quarter's revenues.
- MSSL standalone revenue and profitability results continue to be strong despite the significant drop in global copper prices, which decrease revenues as they constitute pass-on costs to customers. In addition, debt levels have been further reduced.
- The company also has announced update on 17 plants commissioned around the world, across its major product verticals, out of which 7 have been completed and according to management, the new plant commissions are all close to the facilities of its customers, increasing ability to support client where ever required. It is making many improvements in the design, construction and layout of each of them, to increase the efficiency and effectiveness of its production systems for the coming years.
- On expansion plans, 20 new plants will be operational by FY19. These plants will couple with product mix and would give benefit the company in long run. The company's total capex plan stands at Rs 1500 – 2000 crore out of which, India capex is around Rs 200 crore.

BUSINESS PROFILE

Motherson Sumi Systems Limited (MSSL), the flagship company of the Samvardhana Motherson Group (SMG) was established in 1986 in joint partnership with Sumitomo Wiring Systems, Japan. Over the years MSSL has successfully collaborated with global technology leaders to further enhance its competency to create technologically sound products in state-of-art facilities and infrastructure to ensure superior efficiencies & total customer satisfaction.

TECHNICAL TRENDS



We recommend a buy in the stock of Mother's sumi system ltd from a short-term perspective. The stock is trading at its good support level with good fundamental records and is expected to move up from this level. It made a 52 week low Rs.206.20 and 52 week high of Rs 395.85. Buy around at 262-264 with a closing below stop loss of Rs.256 levels for the target of Rs.280-285.

Note:

- Follow Strict Stop Loss.

SMC Research Desk

SMC Research also available on Reuters

E-mail: researchfeedback@smcindiaonline.com



Corporate Office:
11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:
Dheeraj Sagar, 1st Floor,
Opp. Goregaon sports club, link road
Malad (West), Mumbai - 400064
Tel: 91-22-67341600, Fax: 91-22-28805606

Kolkata Office:
18, Rabindra Sarani,
"Poddar Court", Gate No. 4,
4th Floor, Kolkata - 700001
Tel: 91-33-39847000, Fax: 91-33-39847004

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