Motherson Sumi Wiring India Ltd — FY 2025 Annual Report Analysis

Annual Report Analysis (Standalone)

Watch. While the company exhibits exceptional capital efficiency and a debt-free balance sheet, a severe working capital blockage has temporarily choked cash conversion.

Key findings

- The company blocked ₹**434.20 Cr** of operational liquidity in working capital adjustments, preventing reported accounting profits from turning into actual bank balances.
- Trade receivables grew by 38.8% to ₹**1,243.70 Cr**, significantly outpacing revenue expansion and creating a collection lag that consumed most of the year's profit.
- Cash flow from operations plunged to ₹**365 Cr**, converting only 37% of operating profit into cash, which falls well below healthy operational standards.
- Related-party transactions reached ₹**5,903 Cr**, capturing 63.3% of revenue and exposing minority investors to transfer pricing risks since 67.6% of materials are sourced internally.
- Dividend payments of ₹**352.80 Cr** exceeded annual free cash flow by ₹158.80 Cr, a practice that will deplete treasury cash balances if the current receivable lag persists.
- EBITDA margins contracted to a five-year low of **10.69%**, driven by an 18.3% increase in employee costs and higher outlays on machinery repairs.
- The passenger vehicle segment generated ₹**5,684.83 Cr**, representing 61% of revenue, and is poised to compound as increasing vehicle premiumisation drives higher wiring density per car.
- The company maintains excellent structural health with a nominal net debt of ₹**31 Cr**, shielding the business from interest rate shocks or solvency pressures.
- Return on capital employed remained highly premium at **43%**, indicating that the core assembly business continues to be exceptionally lucrative and asset-light.
- Two new greenfield manufacturing facilities in Navagam and Kharkhoda are scheduled to open in **FY2025-26**, unlocking contracted volumes tied directly to confirmed vehicle launches.
- Reported net profit was cushioned by a ₹**33.10 Cr** reversal of inventory obsolescence provisions, masking some of the underlying operational cash divergence.
- The statutory auditor flagged that database-level edit logs for the audit trail were only enabled on **February 27, 2025**, leaving a compliance tracking gap for most of the fiscal year.

What to watch

Monitorable	Current status	Level that would change the view
Debtor days	49 days	Below 40 days
CFO to EBITDA ratio	37%	Above 60%
Net working capital cash outflow	₹434 Cr	Below ₹50 Cr
Related-party transactions as % of revenue	63.3%	Below 50%
EBITDA margin	10.69%	Above 12.0%

1. Business overview

Motherson Sumi Wiring India Limited (MSWIL) is a full-system solutions provider for automotive wiring harnesses in India. A joint venture between Samvardhana Motherson International Limited (SAMIL) and Sumitomo Wiring Systems (SWS), the company operates as a powertrain-agnostic supplier, serving internal combustion engine (ICE), electric vehicle (EV), hybrid, and CNG platforms. It currently supplies 9 out of the top 10 selling passenger vehicle models in India.

Segment	Revenue (□ Cr)	Share of total	YoY	What drove it
Passenger Vehicles	5,684.83	61%	Not Disclosed	Shift to SUVs (50%+ of car sales) and vehicle premiumisation.
Two-Wheelers	1,211.52	13%	Not Disclosed	11.2% industry production growth and EV adoption.
Commercial Vehicles	931.94	10%	Not Disclosed	Increased content per vehicle despite a 3% industry volume decline.
Off-Road / Agriculture	652.36	7%	Not Disclosed	Demand for agricultural machinery and farm equipment.
Others	838.75	9%	Not Disclosed	Sales to Tier 1 and Tier 2 suppliers and ancillary services.
Total	**9,319.4**	**100%**	**+11.9%**	**Outperforming 3% industry volume growth via higher content per vehicle.**

Cost base

The cost of materials is the primary driver of the business, accounting for 65.2% of revenue. This base is concentrated in child parts and commodities, specifically copper, where the company faces volatility in input costs. To manage this, MSWIL utilizes "pass through arrangement for copper as well as foreign exchange for most of its customers."

Employee costs are the second-largest contributor at 17.2% of revenue. The company maintains a strategy of vertical integration through its parentage, sourcing wires, terminals, connectors, PVC tubes, and rubber components from SAMIL, while procuring specialized child parts from SWS. Other expenses (6.9% of revenue) are driven by electricity, repairs, and management fees paid to SAMIL, which are "equivalent to the amount of royalty to SWS."

Capacity

MSWIL operates 30 wiring harness facilities across India, strategically located in proximity to customer manufacturing hubs to enable "just-in-time delivery" and reduce logistics costs. The company has rapidly expanded, launching seven new Greenfield projects in the past three years.

- A new facility in Marunji, Pune, was commissioned during the year to support ICE and EV programs.
- Two additional Greenfields in Navagam (Gujarat) and Kharkhoda (Haryana) are scheduled to become operational in FY 2025-26.
- The company utilizes a "mother plant–satellite model" where mature locations mentor new facilities to ensure process stability and quality consistency from day one.

Forward visibility

While a specific rupee-value order book is not disclosed, management states that "upcoming plants are directly linked to confirmed vehicle launches," providing "clear volume visibility and lower execution risk." The company is currently the wiring harness partner for "most of the new electric vehicle programmes in India," with EV harnesses contributing approximately 4% of total revenues in Q4.

Future growth is anchored in the increasing complexity of vehicle architectures. The adoption of premium features like ADAS, 360-degree cameras, and high-speed infotainment systems increases wiring density, allowing MSWIL to grow its "content per vehicle" even when industry volumes remain stagnant.

What must stay true

For MSWIL to maintain its trajectory, the trend toward vehicle premiumisation and electrification must persist, as these platforms require higher-value, high-voltage, and more complex harness systems. The company relies heavily on its "strong strategic parentage," which must continue to provide access to global R&D from SWS and the integrated supply chain of SAMIL.

Furthermore, the company's "Make in India" initiative must continue to successfully localise high-value components like connectors and high-voltage shielded silicon cables to "reduce import dependency" and maintain cost competitiveness. Finally, the company must sustain its "debt-free" status and high capital efficiency, currently reflected in a 42% ROCE, by ensuring capital deployment remains strictly "linked to actual customer demand."

2. Management commentary & outlook

Topic	What they claimed	Their words
Revenue Growth	Management claimed that revenue grew by 11.9% year-on-year, outperforming the industry volume growth of 3%.	"We saw revenue grow by 11.9% year-on-year, which is quite strong, especially considering the industry only grew around 3%."
Electric Vehicle Share	Management claimed that EV harnesses contributed about 4% of total revenues in the fourth quarter.	"In Q4, we saw that Electric Vehicle (EV) harnesses contributed approximately 4% of our total revenues."
Market Penetration	Management claimed they supplied to nine of the top ten selling passenger vehicle models in India during the year.	"The company supplying to 9 out of the top 10 selling passenger vehicle models in India during FY2024-25."
Manufacturing Footprint	Management claimed they expanded their footprint by launching seven greenfield projects over three years to run thirty facilities.	"In the past three years, we have launched seven new Greenfield projects and now operate 30 facilities across India"
Workforce Skilling	Management claimed that more than 7,000 employees received targeted training for greenfield facility ramp-ups.	"In FY204-25, more than 7,000 employees were trained through targeted programmes connected with the ramp-up of our Greenfield facilities."
Ground-up Innovation	Management claimed that quality circles completed more than 1,600 operational projects.	"Over 1600 projects have been completed by more than 475 quality circles which are actively contributing to the growth of the organisation."
Capacity Timeline	Management claimed that greenfield plants in Navagam and Kharkhoda are expected to become operational in FY2025-26.	"Greenfield plants in Navagam in Gujarat and Kharkhoda in Haryana are progressing as planned and are expected to become operational in FY2025-26."
Domestic Localisation	Management claimed that their teams have consistently increased localization to substitute imports.	"Our teams have steadily increased localisation, especially in areas that were once dependent on imports."
Supply Chain Sourcing	Management claimed that they have started sourcing key electric vehicle and alternative fuel system parts internally from SAMIL.	"The team has also begun sourcing key components for electric vehicles (EVs) and alternate fuel systems from SAMIL"

Outlook

- **Demand:** Merely described; management notes favorable structural shifts and model launches but gives no future volume or revenue numbers.
- **Capacity:** Committed; management specified that new greenfield facilities in Navagam and Kharkhoda will become operational in FY2025-26.
- **Costs:** Merely described; management details ongoing strategies to mitigate material price volatility and expand localization without setting specific targets.
- **Balance sheet:** Merely described; management outlines its operational model of staying debt-free and using internal accruals without providing new financial targets.

Tone

Management delivers a commentary that balances high-level macro tailwinds with concrete, falsifiable operational metrics. They ground their performance claims in clear, verifiable numbers such as the count of active manufacturing facilities, specific headcount training milestones, and clear plant commissioning timelines. This emphasis on checkable execution metrics prevents the text from devolving into vague corporate adjectives.

3. Financial analysis

3.1 Financial statements

BASIS: STANDALONE. This company publishes no consolidated financial statements; the standalone statements below ARE the company. Do not describe consolidated figures as missing.

P&L statement (□Cr)

Line item	Mar 2025	Mar 2024
Sales	9,319	8,327
Sales Growth %	11.91	17.82
Expenses	8,323	7,315
Material Cost %	65	65
Raw material cost	6,076	5,460
Change in inventory	0	-6
Manufacturing Cost %	3	2
Employee Cost %	17	16
Other Cost %	4	4
Operating Profit	996	1,012
OPM %	11	12
Other Income	13	8
Exceptional items	0.20	0.10
Other income normal	12.60	7.60
Interest	25	27
Depreciation	179	147
Profit before tax	806	846
Tax %	25	25
Net Profit	606	638
Exceptional items AT	0	0
Profit excl Excep	606	638
Profit for PE	606	638
Profit for EPS	606	638
Profit Growth %	-5	31
EPS (□)	0.91	0.96
Dividend Payout %	26	55

Balance sheet (□Cr)

Line item	Mar 2025	Mar 2024
Equity Capital	442	442
Reserves	1,256	1,235
Borrowings	269	259
Long term Borrowings	10	9
Short term Borrowings	0	0
Lease Liabilities	260	250
Other Liabilities	1,761	1,203
Trade Payables	1,179	924
Advance from Customers	37	27
Other liability items	545	252
Total Liabilities	3,729	3,139
Fixed Assets	691	600
Land	12	12
Building	562	475
Plant Machinery	765	611
Equipments	13	11
Computers	46	43
Furniture n fittings	5	5
Vehicles	50	36
Gross Block	1,455	1,194
Accumulated Depreciation	765	594
CWIP	37	24
Investments	0	0
Other Assets	3,002	2,516
Inventories	1,282	1,140
Trade receivables	1,244	896
Cash Equivalents	238	268
Loans n Advances	10	9
Other asset items	227	202
Total Assets	3,729	3,139

Cash flow statement (□Cr)

Line item	Mar 2025	Mar 2024
Cash from Operating Activity	365	791
Profit from operations	993	1,010
Receivables	-348	-96
Inventory	-142	70
Payables	258	1
Other WC items	-202	23
Working capital changes	-434	-2
Direct taxes	-194	-217
Other operating items	0	0
Cash from Investing Activity	-60	-208
Fixed assets purchased	-172	-111
Fixed assets sold	1	0
Interest received	11	3
Other investing items	100	-100
Cash from Financing Activity	-457	-452
Proceeds from shares	0	0
Proceeds from borrowings	0	0
Repayment of borrowings	0	-74
Interest paid fin	-24	-27
Dividends paid	-353	-287
Financial liabilities	-81	-65
Net Cash Flow	-153	131
Free Cash Flow	194	680
CFO/OP	56	100

Key ratios

Line item	Mar 2025	Mar 2024
Debtor Days	49	39
Inventory Days	77	76
Days Payable	71	62
Cash Conversion Cycle	55	54
Working Capital Days	32	39
ROCE %	43	48

3.2 Financial analysis summary

Is this business actually making money?

Yes, the business is profitable and highly capital-efficient, though margins hit a five-year low this year as operating costs outpaced revenue growth.

- **Profitable Growth:** The company generated a Net Profit (PAT) of ₹606 Cr in FY2025. While revenue grew 11.9% to ₹9,319 Cr—outperforming the 3% industry volume growth through higher content per vehicle—PAT fell by 5% as the business failed to convert incremental sales into incremental profit.
- **Margin Contraction:** The EBITDA margin fell to 10.69% `[11.21 #----o---- 14.04]` and PAT margin dropped to 6.5% . Both metrics are at the bottom of their five-year bands.
- **Cost Drivers:** Profitability was pressured by Employee Costs, which rose 18.3% to ₹1,603.3 Cr (17.2% of revenue), and a 27.1% spike in Other Expenses (₹643.5 Cr). This included a 61% jump in stores and spares consumption (₹126.9 Cr) and a 52% increase in machinery repairs (₹57.6 Cr), signaling high operational friction and equipment utilization.
- **Capital Efficiency:** Despite the margin dip, the business remains exceptionally lean. Pre-tax return on the fixed asset base (PBT % of net fixed assets) reached 124.9%, vastly exceeding the 6.5% risk-free benchmark. ROCE remains robust at 43%.

Is that money arriving as cash?

No, cash conversion has deteriorated significantly this year, with nearly all operating profit absorbed by a spike in working capital.

- **Weak Conversion:** Cash Flow from Operations (CFO) was ₹365 Cr, representing only 37% of EBITDA, well below the healthy 60% floor. Over the last five years, cumulative CFO (₹1,892 Cr) has only matched 46% of cumulative EBITDA.
- **Receivable Build-up:** The primary drain was a ₹348 Cr increase in trade receivables, which grew 38.8%—more than triple the rate of revenue growth. Debtor days rose from 39 to 49. While 95% of the ₹1,243.7 Cr receivable book is "current but not due," the collection lag consumed the bulk of the year's profit.
- **Inventory and Payables:** Inventory rose by ₹142.4 Cr, primarily driven by a raw material build-up. This was partially offset by stretching trade payables, which increased by ₹258 Cr.
- **Earnings Quality:** Profit was aided by a ₹33.1 Cr reversal of inventory obsolescence provisions. Excluding this non-cash credit, the divergence between reported profit and actual cash flow would be even wider.

Where is the cash going, and who is getting it?

Cash is primarily leaving the business through heavy dividend payouts and capital expenditure, with a massive portion of the operating cost base flowing to related-party promoters.

- **Dividends and Capex:** The company paid ₹353 Cr in dividends in FY2025, absorbing 96.7% of its operating cash flow. Capex for the year was ₹172.4 Cr (47% of CFO), focused on Plant & Machinery (₹765 Cr gross block) and Buildings (₹562 Cr gross block). The asset base is maturing, with the asset age (accumulated depreciation/gross block) reaching 52.6%.
- **Related-Party Dominance:** Related-party transactions totaled ₹5,903 Cr, equivalent to 63.3% of total revenue. The business is structurally dependent on its promoters, Samvardhana Motherson International (SAMIL) and Sumitomo Wiring Systems:
- **Procurement:** ₹4,107.5 Cr was paid to related parties for raw materials, accounting for 67.6% of all material consumption.
- **Leases:** The company rents its manufacturing footprint rather than owning it; ₹100.1 Cr (98.2% of total lease payments) went to related-party landlords.

- **Fees and Dividends:** Related parties received ₹218 Cr in dividends and ₹109 Cr in combined royalty and management fees.
- **Liquidity and Debt:** Net debt is negligible at ₹31 Cr. However, cash and equivalents dropped by 91% to ₹14.3 Cr as capital distributions and working capital needs depleted treasury balances. The company maintains ₹485.8 Cr in undrawn bank lines for liquidity.

3.3 Contingent liabilities & commitments

3.9 Earnings quality & forensic checks

Is the growth real?

Flag · 2 of 6 signals flagged · confidence high · 6/6 checked

Signal	FY24	FY25	Status	What it means
Receivables growth vs sales growth	895.90 Cr	1,243.70 Cr (+38.8%)	Flag · medium impact	Locks up 347.80 Cr of operational cash flow in outstanding invoices
Customer concentration	4,092.90 Cr	4,797.60 Cr (+17.2%)	Watch · high impact	Structural dependency where the top three clients generate more than half of corporate revenue
Receivables ageing / ECL provisioning	0.80 Cr	0.80 Cr (+0.0%)	Clean	—
Unbilled revenue, contract assets, deferred revenue	—	Not disclosed	Clean	—
Revenue from related parties as % of revenue	195.10 Cr	210.60 Cr (+7.9%)	Clean	Captures 210.60 Cr of top-line revenue through insider sales
Advances from customers trend	26.90 Cr	37.20 Cr (+38.3%)	Clean	Adds 10.30 Cr to near-term contract liabilities

Does profit become cash?

Flag · 4 of 5 signals flagged · confidence high · 5/5 checked

Signal	FY24	FY25	Status	What it means
CFO vs clean EBITDA (cash conversion)	791 Cr	364.80 Cr (-53.9%)	Flag · high impact	Reduces direct operating cash generation by 426.20 Cr compared to the prior period
Pre-tax operating conversion (CFO + tax paid) / EBITDA	1,008.10 Cr	558.70 Cr (-44.6%)	Flag · high impact	Isolates a steep pre-tax cash conversion drop despite underlying profit stability
Inventory absorption of operating cash	69.70 Cr	-142.50 Cr (-304.4%)	Flag · high impact	Absorbs 142.50 Cr of operating liquid capital into raw material and input buffers
Working-capital movement	-2.10 Cr	-434.20 Cr	Flag · high impact	Creates a severe 434.20 Cr cash blockage that prevents paper profits from turning into bank balances
Cash tax paid vs book tax	217.10 Cr	193.90 Cr (-10.7%)	Clean	Cash tax paid tracks book liabilities closely with a minimal variance of 5.70 Cr

Is the P&L being manufactured?

Clean · all 6 signals clean · confidence high · 6/6 checked

Signal	FY24	FY25	Status	What it means
Exceptional items and their effect on PBT	0.10 Cr	0.20 Cr (+100.0%)	Clean	Negligible non-operating impact of 0.20 Cr on pre-tax earnings
Non-operating / other income as % of PBT	7.70 Cr	12.80 Cr (+66.2%)	Clean	Adds 12.80 Cr to pre-tax earnings via treasury interest income adjustments
Deferred tax movement and cash-vs-book tax	-7.20 Cr	-4.30 Cr	Clean	A non-cash deferred tax benefit of 4.30 Cr reduces the overall book tax provision
Provision reversals credited to income	-43 Cr	33.10 Cr	Clean	Cushions reported operating expenses by reversing 33.10 Cr of prior inventory obsolescence write-downs
Depreciation policy / useful-life change	—	Not disclosed	Clean	—
Valuation-method or accounting-policy change	—	Not disclosed	Clean	—

Is value leaving to insiders?

Insufficient · 2 of 8 signals flagged · confidence high · 8/8 checked

Signal	FY24	FY25	Status	What it means
Related-party transaction quantum and trend	Not disclosed	5,903 Cr	Watch · high impact	Establishes a deep operational transfer dependency, with related procurement covering 67.60% of all raw material expenses
CSR spend and shortfall	2.30 Cr	5.60 Cr (+143.5%)	Watch · low impact	An unspent CSR balance of 5.60 Cr was legally moved into a dedicated bank account for ongoing execution
New related-party counterparties this year	—	Not disclosed	Unresolved	—
Promoter pledge / encumbrance	—	Not disclosed	Unresolved	—
KMP / director remuneration vs EBITDA	11.10 Cr	10.20 Cr (-8.1%)	Clean	Executive compensation draws down a minimal 1.02% of operational EBITDA
Loans, advances or guarantees to group entities	—	Not disclosed	Clean	—
Interest earned on loans/advances to related parties, against the company's own cost of debt	1.90 Cr	2.30 Cr (+21.1%)	Clean	Reflects non-cash accounting adjustments on security deposits rather than interest on corporate lending
Interest paid on loans taken FROM promoters or directors, against the company's own cost of debt	—	Not disclosed	Clean	—

Can the balance sheet take a hit?

Flag · 2 of 6 signals flagged · confidence high · 5/5 checked

Signal	FY24	FY25	Status	What it means
Dividend vs free cash flow	286.80 Cr	352.80 Cr (+23.0%)	Flag · high impact	Exceeds free cash flow generation of 194 Cr by 158.80 Cr, severely draining liquid reserves
Audit trail database logs enablement delay	—	Enabled from February 27, 2025	Watch · medium impact	Creates a statutory internal control tracking gap across database tables for the bulk of the fiscal year
CWIP ageing and stalled projects	23.70 Cr	36.70 Cr (+54.9%)	Clean	Capital committed to active, near-term capacity additions stands at 36.70 Cr with no stalled components
Contingent liabilities vs net worth	38.90 Cr	43.50 Cr (+11.8%)	Clean	Exposes corporate liquid assets to a maximum tax dispute outturn risk of 40.50 Cr
Borrowing terms, security, covenants	8.60 Cr	9.50 Cr (+10.5%)	Clean	Long-term financial debt consists entirely of an interest-free, unsecured state assistance loan of 9.50 Cr
Encumbered assets / title deeds not in company name	—	Not disclosed	Clean	—

4. Management & governance

Governance check matrix

Check	Status	Detail
Audit opinion (type)	Clean	Unmodified opinion
Fraud reported by the auditor	Clean	None reported
Audit trail (edit log) in the accounting software	Watch	Database log enabled late on Feb 27, 2025
Statutory dues unpaid	Clean	Zero undisputed dues outstanding over 6 months
Promoter pledge (% of promoter holding)	Clean	0%
Independent directors (% of board)	Clean	50% of the board
Woman director	Clean	2 independent directors
KMP pay against the statutory ceiling	Clean	In accordance with Section 197
Related-party transactions (% of revenue)	Watch	Purchases equal 44.08% of revenue

A. Auditor report & key audit matters

Beyond the matrix metrics, the statutory auditor identified related-party transactions and arm's length pricing as the sole Key Audit Matter. The concern centered on the sheer materiality of components, capital assets, toolings, shared functional cost allocations, and property leases flowing through entities under common control, alongside the high level of management estimate involved in defining arm's length pricing. Management addressed this risk by executing structured internal approval workflows via the Audit Committee and obtaining periodic independent transfer pricing valuation assessment reports from external consultants. The auditor noted no Emphasis of Matter paragraphs, material internal control breakdowns, or lender defaults during the fiscal period. The remuneration paid to the auditors shows audit fees at 0.8 Cr and non-audit certification services at 0.3 Cr, with 0.1 Cr provided for expense reimbursements.

B. Related party transactions

Counterparty	Relationship	Nature	FY25 (□ Cr)	FY24 (□ Cr)	Assessment
Joint Control Entities (SAMIL/ Sumitomo)	Promoters	Purchase of goods	3887.3	Not disclosed	Arm's length, routine
Other Related Parties	Common Control Entities	Purchase of goods	220.2	Not disclosed	Arm's length, routine
Joint Control Entities (SAMIL/ Sumitomo)	Promoters	Purchase of services	85.3	Not disclosed	Arm's length, routine
Other Related Parties	Common Control Entities	Purchase of services	74.2	Not disclosed	Arm's length, routine
Samvardhana Motherson International Limited ("SAMIL")	Promoter	Reimbursement of common costs	104.2	Not disclosed	Arm's length, routine
Joint Control Entities (SAMIL/ Sumitomo)	Promoters	Royalty	54.5	47.5	Arm's length, routine
Joint Control Entities (SAMIL/ Sumitomo)	Promoters	Management fees	54.5	47.5	Arm's length, routine
Joint Control Entities (SAMIL/ Sumitomo)	Promoters	Sale of products	111.6	Not disclosed	Arm's length, routine
Other Related Parties	Common Control Entities	Sale of products	96.8	Not disclosed	Arm's length, routine
Joint Control Entities (SAMIL/ Sumitomo)	Promoters	Payment of lease liability	82.7	Not disclosed	Arm's length, routine
Other Related Parties	Common Control Entities	Payment of lease liability	17.4	Not disclosed	Arm's length, routine
Total	—	—	**4788.7**	**95**	**Arm's length, routine**

The table cannot show potential systemic transfer pricing inefficiencies or hidden operating subsidies, as 67.6% of raw material consumption is routed through promoter channels. However, the report confirms that the company did not extend any loans or structural advances to promoters, nor did it register any write-offs, impairments, or provisions against promoter balances. Consequently, there is no evidence of minority investor capital directly funding or de-risking external promoter ventures at below-market interest rates.

C. Shareholding

Category	FY25 (%)	FY24 (%)	Change (pp)
Samvardhana Motherson International Limited (SAMIL)	33.43	33.43	0
Sumitomo Wiring Systems Limited	25.1	25.1	0
Other Shareholders (Public / Institutions)	41.47	41.47	0

The promoter shareholding pattern remained entirely unchanged throughout the period. Because the promoter pledge percentage is 0%, no portion of the company's equity capital is encumbered to secure either corporate bank lines or external personal promoter borrowings.

D. Board composition

The structural relationships on the board are concentrated within the promoter family, as the Chairman, Mr. Vivek Chaand Sehgal, is the father of non-executive director Mr. Laksh Vaaman Sehgal, while all other directors remain unrelated. No sudden or unexpected director resignations occurred close to the financial year-end, though Ms. Anisha Motwani and Ms. Suparna Pandhi joined the board as independent directors early in the period. Among senior execution personnel, the Chief Financial Officer, Mr. Mahender Chhabra, resigned after the close of the financial year in June 2025, and was subsequently replaced by Mr. Gulshan in July 2025.

E. KMP compensation

Name	Role	FY25 (□Cr)	FY24 (□Cr)	Change
Mr. Anurag Gahlot	Whole-time Director & COO	2.09	Not disclosed	Not disclosed
Mr. Mahender Chhabra	Chief Financial Officer	Not disclosed	Not disclosed	12%
Ms. Pooja Mehra	Company Secretary	Not disclosed	Not disclosed	10%
Total	—	**2.09**	**Not disclosed**	**Not disclosed**
KMP Pay as % of EBITDA	—	**0.21%**	**Not disclosed**	**Not disclosed**

The absolute managerial pay of 2.09 Cr is measured against this year's reported corporate EBITDA of 1009.1 Cr, representing a highly proportionate 0.21% of operating profits. However, an adverse directional mismatch is visible, with compensation rising by 12% for the Chief Financial Officer and 10% for the Company Secretary. This pay expansion took place during a fiscal year when corporate EBITDA compressed by 1.08% and net profit fell by 5.08%.

F. Capital allocation & capex

Over the analysis window, the business demonstrated exemplary operational self-sufficiency by generating 1892 Cr in cash flow from operations, while capital expenditure absorbed 611 Cr. This capex program was funded entirely out of internal operating cash flows without necessitating any equity dilution or fresh debt issues, leaving 1281 Cr in cumulative free cash flow. Lenders received a net debt repayment of 40 Cr, while 908 Cr was distributed back to equity holders as dividends, establishing a strong free cash flow dividend cover of 1.41x. Operating returns held up remarkably well during this expansion phase, with the Return on Capital Employed (ROCE) maintaining a premium position at 43%, down slightly from 48% in the prior year. The corporate share count remained stable with zero equity raised, proving that the company successfully expanded its manufacturing asset base purely out of its own organic cash generation while holding its return on capital.

G. Revenue recognition policy

Revenue from the sale of goods is recognized at a specific point in time when physical control over the components transfers to the buyer, typically upon destination delivery. Management exercises judgment when applying the expected value and most likely amount methods to estimate variable considerations, including volume-linked rebates and product return liabilities. A substantial amount of judgment is applied to component assembly arrangements, where management acts as an agent due to a complete absence of pricing discretion and raw material inventory risks, thereby recognizing revenue strictly on a net basis. Furthermore, customized long-lead tooling development programs require management to adjust transaction values for significant financing components whenever customer recovery is structured through delayed piece-part component pricing.

5. Scorecard

Dimension	Rating	Vs last year	What decided it
Business quality	5	Same	Pre-tax return on net fixed assets reached 124.9% and ROCE was 43%, both vastly exceeding benchmarks across all observed years.
Financial health	5	Same	Net debt to EBITDA is excellent at 0.03x and interest coverage stands robustly at 32.68x.
Earnings quality	2	Down	A massive working capital lockup of ₹434.20 Cr and an uncollected receivables spike of ₹347.80 Cr severely decoupled cash flow from reported profits.
Management & governance	5	Up	Promoters have zero equity pledged, total KMP remuneration is low at 0.21% of EBITDA, and the audit report is completely clean.
Capital allocation	5	—	Five-year cumulative capex of ₹611 Cr and cumulative dividends of ₹908 Cr were entirely covered by organic operating cash flows without any dilution.

6. How it has been doing

6.1 The multi-year picture

Metric	5-yr mean	FY24	FY25	Low ‹ band › high	Vs trend	Why it moved	Durable?
Revenue	□6,857 Cr	□8,327 Cr	□9,319 Cr	—	—	Kit value growth despite 3% industry volume	—
Revenue growth %	28.78	17.81	11.91	17.81 `# [---o-----]` 43.09	**Worse than trend** (worst in window)	Industry slowdown	—
EBITDA margin %	12.59	12.15	10.69	11.21 `# [----o----]` 14.04	**Worse than trend** (worst in window)	Employee cost rise (18.3%) and repairs	Too early
PAT	□508 Cr	□638 Cr	□606 Cr	—	—	Margin compression outpaced revenue	—
PAT margin %	7.98	7.66	6.5	6.89 `#[---o------]` 10.06	**Worse than trend** (worst in window)	Higher depreciation and operating costs	—
EPS	□0.64	□0.96	□0.91	—	—	—	—
CFO / EBITDA	0.44	0.78	0.37	0.02 `[-----#o----]` 0.78	**Worse than trend**	Spike in trade receivables (□348 Cr)	Not explained
Free cash flow	□256 Cr	□680 Cr	□193 Cr	—	—	WC absorption and greenfield capex	—
ROCE %	45	48	43	0 `[-----#-----]` 88	**In line with trend**	—	—
Debtor days	46.5	39	49	39 `[---o#------]` 63	**In line with trend**	Collection lag on new programs	—
Cash conversion cycle (days)	58.5	54	55	47 `[---#-o-----]` 69	**In line with trend**	—	—
Net debt	□81 Cr	-□9 Cr	□31 Cr	—	—	Treasury depletion for dividends/WC	—
Net debt / EBITDA	0.13	-0.01	0.03	-0.01 `[#--o-------]` 0.42	**Better than trend**	—	—
Interest coverage	37.98	32.04	32.68	22.29 `[-#-o-------]` 73.71	**Worse than trend**	—	—
Debt / equity	192.1	0.15	0.16	—	—	—	—
Of which leases %	75.8	96	97	—	—	Footprint is entirely rented	Structural
Exceptional % of PBT	0.1	0.0	0.0	—	—	—	—
Net fixed asset turnover	15.3	14.13	14.44	—	—	Asset-light assembly model	—
Inventory turnover	6.9	7.09	7.70	—	—	Improved JIT utilization	—
Asset age %	48.0	49.7	52.6	—	—	Aging of initial assembly lines	—

Metric	5-yr mean	FY24	FY25	Low ‹ band › high	Vs trend	Why it moved	Durable?
Capex % of CFO	85	14	47	—	—	New Pune/Navagam facilities	—
Effective interest rate %	10.33	8.54	9.47	—	—	—	—
Receivables > 6 months %	—	—	—	—	—	—	—
Working capital movement	-□255 Cr	-□2 Cr	-□434 Cr	—	—	Receivable build outpaced payables	—
As % of EBITDA	-34.7	-0.2	-43.6	—	—	—	—
PBT % of net fixed assets	146	143.5	124.9	—	—	Greenfield expansion ahead of revenue	—
Net fixed assets % of total	16.8	19.1	18.5	—	—	—	—
PAT % of total assets	18.9	21.1	17.6	—	—	—	—
Other income % of PBT	0.26	0.95	1.61	-6.24 `[------o-#--]` 4.51	**Worse than trend**	Higher treasury interest income	—
Material cost % of revenue	64.8	65.0	65.0	—	—	Pass-throughs offset copper volatility	—
Change in inventory	-□39.6 Cr	-□6 Cr	□0 Cr	—	—	—	—
Employee cost % of revenue	16.8	16.0	17.0	—	—	Greenfield ramp-up training costs	—
Intangibles % of assets	—	—	—	—	—	—	—
Investments % of assets	0.0	0.0	0.0	—	—	—	—
CWIP % of gross block	2.2	2.0	2.5	—	—	Kharkhoda facility progression	—
Dividend % of operating cash	50.5	36.3	96.7	—	—	Payout exceeded free cash flow	Structural

6.2 Management: said versus delivered

What they said last year	What happened	Verdict
Transition from investment phase to production phase.	Capital advances rose from □1.1 Cr to □36.7 Cr; two new Greenfields pushed to FY26.	Late
Maintain clean operating earnings without distortions.	Exceptional items remained negligible at □0.20 Cr.	Delivered
Sustainable dividend payouts supported by massive liquidity.	Dividend of □353 Cr exceeded Free Cash Flow of □194 Cr, depleting cash by 91%.	Not addressed
Enable audit trail (edit log) feature at the database level.	Feature was enabled on February 27, 2025, near the end of the fiscal year.	Delivered
Disciplined KMP pay (prior year growth lower than EBITDA).	CFO and CS pay rose 10-12% while EBITDA compressed by 1%.	Partially Met
High-value localization to reduce import dependency.	RPT purchases (insider sourcing) rose from 65% to 67.6% of material costs.	Not addressed

What has not changed

- Structural dependency on Related Party Transactions for ~65% of raw material sourcing is now in its fifth year.
- Customer concentration remains a persistent risk, with the top two OEMs consistently accounting for approximately 40% of revenue across the window.
- The business maintains a strictly debt-free balance sheet regarding traditional borrowings, utilizing lease liabilities as its primary form of leverage.
- Management continues an aggressive dividend payout policy that prioritizes distributions over treasury preservation, even in years where payouts exceed free cash flow.