6th November 2025 | Close* – ₹962/- | View – **HOLD**

Q2FY26 Result Highlights

- **Subdued Revenue growth continues**: SFL reported consolidated revenue of ₹15.2bn in Q2FY26 (+2% YoY; –1% QoQ). Revenue growth was subdued largely due to muted export performance. Domestic revenue grew 11%, outpacing industry trends, supported by higher wallet share with existing clients and market share gains in fasteners. In contrast, export revenue fell 12% YoY, reflecting sustained weakness in truck demand and geopolitical headwinds.
- **Muted demand visibility and lack of immediate growth drivers:** SFL is focusing on new component introductions and customer additions, which should enable it to achieve growth ahead of industry levels. New capacities for wind energy and EV segments have already been commissioned. However, near-term outlook remains weak due to limited visibility in export demand, particularly from North America—along with tariff-related challenges and a muted domestic CV/PV demand environment. Consequently, FY26E earnings are expected to remain subdued, with export recovery likely only by Q1FY27. The domestic CV and PV industry is projected to grow just 3–5% in FY26, constraining local market prospects, while the ramp-up of US EV orders is expected to be slower than earlier anticipated.
- **Margins remained stable, supported by lower input prices:** SFL reported EBITDA margins of 16.6% (+14 bps YoY; +49 bps QoQ), aided by softening commodity prices and lower other expenses, though overseas subsidiaries continued to face cost pressures. Supported by higher other income, the company delivered a 6% YoY rise in PAT to ₹1.5 bn.
- **Conference Call Takeaways:**

Macro & Supply Chain Environment:

- Tariff-related challenges have affected the export business; however, no customer losses are anticipated. The U.S. truck market, particularly Class 8 trucks, remains weak due to stringent emission norms and a construction sector slowdown, resulting in muted order inflows. A gradual recovery is expected from 1QFY27. Meanwhile, the European truck segment also faces headwinds from tariff pressures, further constraining demand.
- Early demand recovery expected in Q4FY26 and Q1FY27.
- EV program delays observed in North America, though investments remain intact.
- The company is engaged in discussions for a new global ICE engine program (2029–2031 rollout).

Material Costs & Pricing

- Prices of boron and alloy steel have softened, improving gross margins.
- Raw material cost changes (both up and down) are passed through to customers; annual impact limited to ₹100-200mn.
- Some Chinese alloy steel suppliers are constrained by new BIS license requirements.

Product Development

- Developing stainless steel and railway fasteners, expected to generate revenue within 12 months.
- New products introduced over the past three years now contribute over 20% of current revenue.

Important Statistics

Nifty	25,597
Sensex	83,459
Close* **(₹)**	962
MCAP (₹ bn)	202.23
52week H/L (₹)	1,400/831
Shares o/s (mn)	210.1
BSE Code	500403
NSE Code	SUNDRMFAST
Bloomberg Code	SF:IN

Close as on 4th November 2025*

Shareholding Pattern	Sep'25 (%)
Promoters	46.95
DIIs	10.55
FIIs	23.29
Public & Other	19.21

Financial Snapshot

(₹ mn)

Particulars	2023	2024	2025	2026E	2027E
Revenue	56,628	56,663	59554	63519	70254
EBITDA	8,535	8,867	9441	10541	11844.5
EBITDA Margin	15.1%	15.6%	15.9%	16.6%	16.9%
PAT	4,947	5,217	5391	6315	7251
PAT Margin	8.7%	9.2%	9.1%	9.9%	10.3%
EPS	23.5	24.8	25.8	30.1	34.6
ROE	16	15	14.9	15.3	15.7
PE	41.0	38.9	37.4	32.1	27.9

Source: Company,Way2Wealth

Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
SFL	**(29.1)**	**(-0.4)**	**118.8**
Nifty 50	6.6	41.2	114.9
Sensex	5.9	36.9	105.4

Source: Company,Way2Wealth

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- Collaborating on fuel-agnostic ICE platforms with a leading global engine manufacturer.

CAPEX:

- The company invested ₹1bn in wind energy fastener capacity; an additional ₹800mn investment underway for FY27 revenue generation.
- Ongoing capex for EV (domestic and overseas) businesses; Sri City expansion completed to serve European and North American EV customers.

Others:

- **Revenue mix:**

  By segment: OEMs – 58%, Exports – 27%, Aftermarket – 15%

  By end-use: CV & Engines – 35%, PV – 40%, Tractors – 10%, Wind – 4% of domestic revenue

  By geography (exports): North America – 65% (primarily CV), Europe & UK – 25%, MENA – 10%
- **Product mix:** Fasteners – 35%, Assemblies – 30%, Cold Extrusions – 15%, Hot Forgings – 10%, Radiator Caps – 3%.
- **Top 5 customers:** GM, Maruti, Mahindra, Cummins, and Tata Motors, together contributing around 35% of total revenue.

Guidance & Outlook:

Management targets double-digit revenue CAGR for next 3 years and expects export recovery within the next six months, with ramp-ups likely in Q1/Q2 FY27.

View

SFL reported a muted Q2FY26 performance, impacted by a slowdown in export markets and a delay in EV order execution. While softening commodity prices supported margin stability, overall demand was constrained by weak domestic trends, including a decline in CV production and subdued PV growth. On the export side, EV and wind energy segments are expected to drive medium-term momentum; however, policy-related delays in EV orders have tempered near-term growth prospects. **Hence, we recommend it as *HOLD* stock trading at *P/ E 27.9x* FY27E EPS of ₹34.6**

6th November 2025 Close* – ₹962/- View – **HOLD**

FINANCIAL PERFORMANCE

(₹ mn)

Particulars	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Revenue	**15,210**	**14,860**	**2.4**	**15,334**	**(0.8)**	**30,544**	**29,837**	**2.4**
Cost of Matl	6,273	6,257	0.3	6,357	(1.3)	12,630	12,420	1.7
Inventories Changes	(388)	(564)	(31.1)	(292)	32.8	(681)	(578)	17.8
Employee Exps	1,434	1,450	(1.1)	1,433	0.1	2,867	2,850	0.6
Other Exps	5,367	5,271	1.8	5,366	0.0	10,733	10,227	4.9
EBITDA	**2,524.6**	**2,446.3**	**3.2**	**2,470.7**	**2.2**	**4,995.3**	**4,917.9**	**1.6**
EBITDA Margin (%)	*16.6*	*16.5*	*14*	*16.1*	*49*	*16.4*	*16.5*	*(13)*
Other Income	206	130.3	58.0	198	4.0	404	182	121.8
Depreciation	602	557.3	8.0	586	2.6	1,188	1,095	8.5
Finance Cost	111	87.3	26.7	91	21.5	202	157	28.7
PBT	2,018	1,932.0	4.5	1,991	1.3	4,009	3,848	4.2
Tax	491	493.6	(0.6)	512	(4.2)	1,002	983	2.0
PAT	**1,528**	**1,438**	**6.2**	**1,479**	**3.3**	**3,007**	**2,865**	**4.9**
EPS (₹)	7.3	6.8	6.2	7.0	3.3	14.3	13.6	4.9

As % of Sales	Q2FY26	Q2FY25	YoY (BPS)	Q1FY26	QoQ (BPS)	H1FY26	H1FY25	YoY (BPS)
Raw Matl Cost	38.7	38.3	38	39.6	(86)	39.1	39.7	(57)
Gross Margin	61.3	61.7	(38)	60.4	86	60.9	60.3	57
Employee Exps	9.4	9.8	(33)	9.3	8	9.4	9.6	(17)
Other Exps	35.3	35.5	(18)	35.0	30	35.1	34.3	86

Source: Company, Way2Wealth

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Disclosure of Interest Statement: Sundram Fasteners Ltd. as on 6th November 2025

Name of the Security	Sundram Fasteners Ltd.
Name of the analyst	Dhananjay Kansara
Analysts' ownership of any stock related to the information contained Financial Interest Analyst : Analyst's Relative : Yes / No Analyst's Associate/Firm : Yes/No	NIL No No No
Conflict of Interest	No
Receipt of Compensation	No
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