Sector - Auto Components & Equipment's

SUNDRAM FASTENERS LTD.

13th February 2026 | Close* – ₹940.15/- | View – **HOLD**

Q3FY26 Result Highlights

- **Moderate performance in consolidated revenues**: SFL posted consolidated revenues of ₹15.4bn in Q3FY26, up 7% YoY and 1% QoQ, marginally below our estimate of ₹15.5bn, mainly due to weak export performance. Domestic revenues grew a healthy 18% YoY, in line with industry trends, supported by a strong recovery in M&H CV demand. In contrast, export revenues declined 15% YoY, impacted by subdued demand particularly in trucks and the effect of US tariffs.
- **Margins remained stable, supported by multiple tailwinds:** The company reported margins of 15.6%, down 21 bps YoY and 101 bps QoQ, as higher standalone margins were dented by weak performance at overseas subsidiaries. Supported by other income and adjusted for a one-time expense related to changes in labor codes, SFL reported a 10% YoY growth in PAT to ₹1.44bn.
- **Conference Call Takeaways:**
  - **Strong Domestic Performance Offsets Export Weakness**
    - Domestic business delivered **~18% YoY growth**, driven by **CVs, tractors, cars/MUVs**, and aftermarket.
    - Exports moderated due to **tariff pressures and North America slowdown**, with export share declining to ~23–25% of revenue.
    - Management highlighted **gradual export recovery**, led by **Europe (Poland, Romania, Sweden, UK)** and diversification away from North America.
  - **Margin Trajectory Improving; 18% EBITDA in Sight**
    - **EBITDA margin at ~17.3% (9M FY26)**, improving from ~16% levels earlier.
    - Management reiterated confidence in **moving toward ~18% margins**, aided by:
      - ✓ Scale-up in **wind energy** business
      - ✓ Growth in **aerospace fasteners (high margin)**
      - ✓ Recovery in **export mix and operating leverage**
    - Tariffs impacted contribution margins, but **cost control and stable RM prices** provided support.
  - **Non-Auto Diversification Gaining Momentum**
    - **Non-auto now ~38% of revenues** (vs ~30% earlier), led by:
      - ✓ **Wind energy** (targeting ~₹5000mn annualized revenue)
      - ✓ **Aerospace fasteners** (50–60% growth; still <₹1000mn base)
      - ✓ **Railways and aftermarket**
    - Long-term strategic intent remains to **increase non-auto share toward ~50%**.
  - **EV Programs Delayed, ICE** Provides **Interim Support**
    - EV programs (especially North America) **were postponed**, with only a **trickle expected from 2HFY27**.
    - Facilities are **platform-flexible** (ICE / PHEV / EV), allowing interim utilization via ICE programs and alternate customers.
    - Management emphasized **capacity redeployment to avoid under-utilization**.

Important Statistics

Nifty	25,807.20
Sensex	83,674.92
Close* **(₹)**	940.15
MCAP (₹ bn)	197.98
52-week H/L (₹)	1,080/831
BSE Code	500403
NSE Code	SUNDRMFAST
Bloomberg Code	SF:IN

Close as on 12th February 2026*

Shareholding Pattern	Dec'25 (%)
Promoters	46.94
DIIs	10.02
FIIs	23.83
Public & Other	19.19

Financial Snapshot

(₹ mn)

Particulars	2023	2024	2025	2026E	2027E
Revenue	56,628	56,663	59,554	62,749	69,536
EBITDA	8,535	8,867	9,441	10,314	11,725
EBITDA Margin	15.1%	15.6%	15.9%	16.4%	16.9%
PAT	5003	5256	5,417	6,102	7,106
PAT Margin	8.8%	9.28%	9.1%	9.7%	10.2%
EPS	24	25	26	29	34
ROE	16	15	14	15	15
PE	41	44	36	30.8	26.4

Source: Company, Way2Wealth

Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
SFL	**(9.1)**	**(10.0)**	**60.5**
Nifty 50	8.8	43.3	77.2
Sensex	7.1	38.2	69.2

Source: Company, Way2Wealth

Dhananjay Kansara
dhananjay.k@way2wealth.com
Ph:022-4019 2911

- **Capex Disciplined, Customer-Backed**
  - **FY26 capex ~₹3500mn**, FY27 expected at **~₹2500mn**.
  - **~25–30% replacement capex; balance growth-oriented.**
  - New investments **are largely customer-validated, with ~1:1 revenue potential over time.**
  - **Overall cap**acity utilization ~**60%**, leaving room for operating leverage.
- **Growth Outlook: Double-Digit, Industry-Plus**
  - **Management aims for double-digit revenue growth in FY27, targeting outperformance vs industry (~12% vs ~10%).**
  - **Segment outlook:**
    - ✓ CVs & cars: ~8–10%
    - ✓ Tractors: >10%
  - **January momentum strong; Q4FY26 expected to be robust.**
- **Structural Positives & Policy Tailwinds**
  - BIS/QCO norms may drive import substitution, benefiting domestic fastener suppliers over time.
  - Potential opportunity from OEM fastener imports (~₹11–12bn annually), though adoption likely gradual due to quality, scale, and global sourcing constraints.

View

SFL reported a muted Q3FY26 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 26.4x* FY27E EPS of ₹33.8.**

W2W Lighthouse - A Quick Perspective

13th February 2026 Close* – ₹940.15/- View – **HOLD**

FINANCIAL PERFORMANCE

(₹ mn)

Particulars	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Revenue	**15,411**	**14,411**	**6.9**	**15,210**	**1.3**	**45,955**	**44,248**	**3.9**
Cost of Matl	6,002	5,936	1.1	6,273	(4.3)	18,632	18,356	1.5
Inventories Changes	58	(330)	(117.6)	(388)	(115.0)	(622)	(908)	(31.4)
Employee Exps	1,442	1,391	3.7	1,434	0.6	4,308	4,240	1.6
Other Exps	5,506	5,138	7.2	5,367	2.6	16,239	15,365	5.7
EBITDA	**2,402.7**	**2,276.4**	**5.5**	**2,524.6**	**(4.8)**	**7,397.8**	**7,194.3**	**2.8**
EBITDA Margin (%)	*15.6*	*15.8*	*(21)*	*16.6*	*(101)*	*16.1*	*16.3*	*(16)*
Other Income	124	29.2	325.0	206	(39.7)	528	211	149.9
Depreciation	575	562.6	2.2	602	(4.5)	1,763	1,658	6.4
Finance Cost	77	83.6	(7.7)	111	(30.2)	279	240	16.1
PBT	1,875	1,659.4	13.0	2,018	(7.1)	5,884	5,508	6.8
Tax	435	352.1	23.7	491	(11.2)	1,438	1,335	7.7
Exceptional Items	(131.1)		NA		NA	(131.1)		NA
PAT	**1,308**	**1,307**	**0.1**	**1,528**	**(14.4)**	**4,315**	**4,173**	**3.4**
EPS (₹)	6.2	6.2	0.1	7.2	(14.4)	20.5	19.9	3.4

As % of Sales	Q3FY26	Q3FY25	YoY (BPS)	Q2FY26	QoQ (BPS)	9MFY26	9MFY25	YoY (BPS)
Raw Matl Cost	39.3	38.9	42	38.7	63	39.2	39.4	(24)
Gross Margin	60.7	61.1	(42)	61.3	(63)	60.8	60.6	24
Employee Exps	9.4	9.7	(29)	9.4	(7)	9.4	9.6	(21)
Other Exps	35.7	35.7	8	35.3	44	35.3	34.7	61

Source: Company, Way2Wealth

Disclosure of Interest Statement: SUNDRAM FASTENERS LTD. as on 13th February 2026

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
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL