

14th May 2025

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View – **ACCUMULATE**

Q4FY25 Result Highlights

- **Weak performance due to weak macro conditions** – The company reported a disappointing performance in revenue, with a 4% YoY and 6% QoQ grew to Rs 15.3 billion. This was led by subdued demand in both domestic and export markets. While domestic revenue growth aligned with the broader industry growth of approximately 6% YoY, export revenues saw a 6% YoY increase, driven by wind energy dispatches and forex gains from the rupee's depreciation. Wind energy contributed 5-6% to the company's consolidated revenues.
- **Unbilled EV output hit Q4FY25 margins** – SFL reported a margin decline of 89bps YoY and 111bps QoQ, landing at 14.7% in Q4FY25, primarily due to operational expenses from EV production not yet reflected in revenue. As a result, FY25 margins saw only a modest 20bps increase to 15.9% (EBITDA: ₹9.4bn; +6% YoY), while PAT rose by a subdued 3% to ₹5.4bn.
- **Weak demand visibility and no immediate triggers** – SFL aims to outpace industry growth through new components, customer additions, and planned capacity expansions, including in wind energy, with deliveries starting at 2HCY25. However, a subdued CV/PV outlook and delayed US EV dispatches due to policy uncertainty remain headwinds.
- **Conference Call Takeaways:**

Tariff is still Work in progress and major customers are still assessing their response. Customers are supportive of the supply chain.

SFL is targeting exports of US\$200mn in FY26.

Aerospace currently generates US\$3mn in revenue through fasteners and supplies to clients like GE and HAL, with a target to double this to US\$6mn in FY26. Defense - Still under trial runs and awaiting approvals.

Non-Auto Segment – currently contributes one-third of revenue, with a goal to increase its share to 50%. In the near term, the focus is on scaling the wind energy business from ₹3bn to ₹6bn.

The preparation and production for the EV orders for US customers has led to high expenditure and increase in conversion cost in Q4FY25.

Important Statistics

Nifty	24,578
Sensex	81,148
Close* (₹)	955
MCAP (₹ bn)	~201
52week H/L (₹)	1506/831
Shares o/s (mn)	210.1
BSE Code	500403
NSE Code	SUNDRMFAST
Bloomberg Code	SF:IN

Close* as on 13th May 2025

Shareholding Pattern	Mar'25 (%)
Promoters	46.95
DIIs	20.95
FIIIs	12.96
Public	19.14

(₹ mn)

Particulars	FY22	FY23	FY24	FY25
Revenue	49,021	56,628	56,663	59,554
EBITDA	8,014	8,535	8,867	9,441
EBITDA Margin (%)	16.3	15.1	15.6	15.9
Net Profit	4,567	4,947	5,217	5,417
EPS (₹)	21.7	23.5	24.8	25.8
DPS (₹)	6.5	8.6	10.0	7.2
RoE (%)	17.3	16.4	15.2	14.9
RoCE (%)	14.3	14.2	18.2	15.9
P/E (x)	38.0	40.3	38.3	36.9
EV/EBITDA (x)	22.8	24.8	26.6	20.3
P/BV (x)	6.8	6.8	6.7	4.9

Source: Company, Way2Wealth

View

SFL's reported weak Q4FY25 performance led by slowdown in both domestic and export markets along with a pushback in the EV orders. Nevertheless, SFL plans to introduce new components and attract new customers to outpace industry growth. New capacities are already planned, with deliveries set to begin at 2HCY25, including expansions to boost the wind energy business. Export and non-automotive segments remain the key strategy areas in the near to medium term for the company to de-risk business from cyclicity. The focus in the near to medium term is to improve market share, aided by capacity expansion along with localization of customers requirement enabling increase in content per vehicle both in the domestic and export market especially wind energy segment. **Hence, we recommend it as an ACCUMULATE stock trading at P/ E 26.7x FY27E EPS of ₹35.6.**

Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
SFL	(15.0)	36.6	213.9
Nifty 50	11.6	56.3	162.9
Sensex	11.9	54.2	154.4

Source: Company, Way2Wealth

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FINANCIAL PERFORMANCE

(₹ mn)								
Particulars (Rs mn)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
Revenue	15,306	14,665	4.4	14,411.2	6.2	59,554	56,663	5.1
Cost of Matl	6,294	5,903	6.6	5,936	6.0	24,651	23,722	3.9
Inventories Changes	(208)	85	(344.2)	(330)	(37.1)	(1,115)	(153)	627.4
Employee Exps	1,421	1,383	2.7	1,391	2.2	5,661	5,537	2.2
Other Exps	5,551	5,011	10.8	5,138	8.0	20,916	18,691	11.9
EBITDA	2,247.1	2,283.3	(1.6)	2,276	(1.3)	9,441.4	8,867.0	6.5
EBITDA Margin (%)	14.7	15.6	(89)	15.8	(111)	15.9	15.6	20
Other Income	71.9	112.2	(35.9)	29	146.2	283	542	(47.7)
Depreciation	581.2	533.5	8.9	563	3.3	2,239	2,133	5.0
Finance Cost	95.3	80.8	17.9	84	14.0	336	320	4.9
PBT	1,642.5	1,781.2	(7.8)	1,659	(1.0)	7,150	6,955	2.8
Tax	397.6	437.1	(9.0)	352	12.9	1,733	1,699	2.0
PAT	1,245	1,344	(7.4)	1,307	(4.8)	5,417	5,256	3.1
EPS (Rs)	5.9	6.4	(7.4)	6	(4.8)	25.8	25.0	3.1

As % of Sales	Q4FY25	Q4FY24	YoY (BPS)	Q3FY25	QoQ (BPS)	FY25	FY24	YoY (BPS)
Raw Matl Cost	39.8	40.8	(106)	38.9	87	39.5	41.6	(207)
Gross Margin	60.2	59.2	106	61.1	(87)	60.5	58.4	207
Employee Exps	9.3	9.4	(15)	9.7	(37)	9.5	9.8	(27)
Other Exps	36.3	34.2	210	35.7	61	35.1	33.0	214

Source: Company, Way2Wealth

FINANCIALS & VALUATIONS

(₹ mn)					
Particulars	FY23	FY24	FY25	FY26E	FY27E
Revenue	56,628	56663.1	59554	64627	71705
EBITDA	8,535	8867	9441	10705	12170
EBITDA Margin	15.1%	15.6%	15.9%	16.6%	17.0%
Net Profit	4,947	5256.4	5417	6379	7479
EPS	23.6	24.8	25.8	30.5	35.6
ROE	16.4	15.2	14.9	16.2	16.4
EV/EBITDA	17.8	17.1	19.6	19.6	17.3
P/E	40.3	38.3	36.9	31.1	26.7

Source: Company, Way2Wealth Research

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