BUY

Sandhar Technologies

Investments behind; earnings leverage ahead; initiate with BUY

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Auto & Auto Ancillaries ▸ Initiating Coverage ▸ **December 12, 2025**

CMP (Rs): 545 | TP (Rs): 825

We initiate coverage on Sandhar Technologies (STL) with BUY and TP of Rs825 (implying 51% upside), based on 20x Dec-27E PER (in line with the LTA). STL has been through a deep capacity build-out phase (over FY21-25) via both organic and inorganic routes. We believe STL is now ready to reap the benefits of its past investments, with the peak-capex phase now behind (capex intensity to moderate to ~4.5-5% of revenue over FY26E-28E vs ~9% average during FY21-25). This is led by its widening ADC portfolio (~5x domestic revenue over 5Y), scale-up of sheet-metal segment (3.5x revenue over 5Y), premiumization-led growth in smart locks (~10x ASP potential vs mechanical), and incubated EV portfolio, with revenue already flowing in (Rs69mn - H1FY26). Also, early signs of recovery in the overseas portfolio (Q2 losses halved vs Q1; targets breakeven by Q4) and a profitable JV footprint (all 5 JVs PAT-positive since FY24) have reduced the drag. We model in 14/20/22% revenue/EBITDA/EPS CAGR over FY26E-28E. STL trades at 12x its Dec-27E PER and at 54% discount to peer average (~26x), offering an attractive risk reward.

A diversified auto-ancillary player with a strong 2W base

Sandhar operates across sheet metal (19% of FY25 revenue), die-casting (25%; 31% post-SCL acquisition), locks (20%), mirrors (5%), assemblies (11%), and cabins (14%), serving 2Ws (62%), PVs (16%), and OHVs (14%). ADC (~5x its domestic revenue over 5Y) and sheet metal (~3.5x revenue over 5Y) have emerged as core growth engines led by targeted capex in 4 sheet-metal plants, new machining lines at Hosur/Mysuru, and ADC facility at Pune – these have upgraded STL's capabilities over the years (2x gross block expansion in last 5Y). Premiumization via smart locks (10x ASP vs mechanical; 2 anchor clients already secured) and STL's incubated EV portfolio, with revenue already flowing in (Rs69mn in H1FY26), are seen as added growth levers once scaled up.

Reset under way: overseas losses halved; all 5 JVs now PAT-positive

Overseas operations caused a major drag in FY25 (-7% YoY revenue growth); however, repricing/SKU cuts/labor optimization meaningfully reduced EBITDA losses (now half vs Q1) and breakeven is targeted by Q4FY26. On JVs, STL exited loss-making partnerships (Jinyoung, Kwangsung) and focused on the 5 remaining core JVs (aligned with PV electronics, antennas, ADAS, smart locks), which have been PAT-positive since FY24 (H1FY26 JV revenue: +69% YoY) with 5% PAT contribution over FY26E-28E (FY23: -4%).

Build in 22% FY26E-28E EPS CAGR; RoCE inflection ahead; valuation attractive

As capex intensity moderates to ~Rs2.5-3bn (~4-5% of revenue in FY26-28E vs 9% on average, at peak), RoCE would improve from a single digit (~7-8%) to ~16% by FY28E. We believe net debt-to-EBITDA will soften to ~1.2x by FY28E (2.9x/2.2x in FY22/25), on EBITDA ramp-up (FY26E-28E CAGR: ~20%) post-SCL integration, overseas cleanup, and positive FCF (negative 7% yield on market cap during peak capex, positive from FY26; ~6% by FY28E). STL trades at 12x Dec-27E PER and at a steep 54% discount to the peer average of 26x; we believe that its valuation gap with peers should narrow going ahead.

Sandhar Technologies: Financial Snapshot (Consolidated)

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	35,211	38,845	48,325	54,668	62,420
EBITDA	3,406	3,833	4,333	5,213	6,271
Adj. PAT	1,098	1,393	1,983	2,287	2,931
Adj. EPS (Rs)	18.2	23.1	32.9	38.0	48.7
EBITDA margin (%)	9.7	9.9	9.0	9.5	10.0
EBITDA growth (%)	36.7	12.5	13.1	20.3	20.3
Adj. EPS growth (%)	48.2	26.9	42.3	15.3	28.1
RoE (%)	11.3	12.9	16.2	16.3	18.1
RoIC (%)	8.9	9.4	10.1	11.6	13.8
P/E (x)	29.9	23.2	16.6	14.4	11.2
EV/EBITDA (x)	11.7	10.4	9.2	7.6	6.3
P/B (x)	3.2	2.9	2.5	2.2	1.9
FCFF yield (%)	1.0	(1.5)	2.2	3.7	4.7

Source: Company, Emkay Research

Target Price – 12M	Dec-26
Change in TP (%)	**NA**
Current Reco.	BUY
Previous Reco.	NA
Upside/(Downside) (%)	51.4

Stock Data	**SANDHAR IN**
52-week High (Rs)	601
52-week Low (Rs)	315
Shares outstanding (mn)	60.2
Market-cap (Rs bn)	33
Market-cap (USD mn)	363
Net-debt, FY26E (Rs mn)	8,547.8
ADTV-3M (mn shares)	0.2
ADTV-3M (Rs mn)	157.5
ADTV-3M (USD mn)	1.7
Free float (%)	29.6
Nifty-50	25,898.6
INR/USD	90.4

Shareholding,Sep-25	
Promoters (%)	70.4
FPIs/MFs (%)	0.7/15.9

Price Performance

(%)	1M	3M	12M
Absolute	(1.1)	17.8	(2.8)
Rel. to Nifty	(1.9)	13.7	(7.5)

1-Year share price trend (Rs)

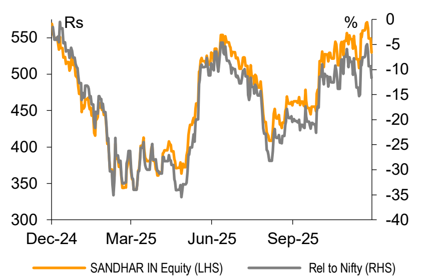

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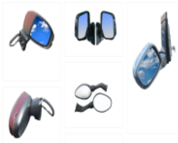
Exhibit 1: Business Snapshot – A bird's eye view of Sandhar

Particulars	Locking Systems	Vision Systems	Sheet Metal Components	Assemblies	Cabins and Fabrications	Aluminum Die Casting	Others
Products							
Categories it caters to:	Mainly 2Ws; strong wallet-share with HMCL, TVS; Smart locks (2 anchor clients on boarded)	2W, PV, CV	Largely 2W; also, PV/CV	Largely 2W	OHV/CE OEM; includes JCB India	2W, PV, CV with Export to nearby EU/NA customers	2W, CV
Revenue (Rs bn)							
- FY19	4,905	2,336	2,569	3,504	3,270	3,971	2,803
- FY25	7,614	2,175	7,381	4,234	5,283	9,672	2,486
- FY28E	11,579	2,894	11,419	5,182	6,998	20,738	3,610
Revenue Mix (%)							
- FY19	*21.0*	*10.0*	*11.0*	*15.0*	*14.0*	*17.0*	*12.0*
- FY25	*19.6*	*5.6*	*19.0*	*10.9*	*13.6*	*24.9*	*6.4*
- FY28E	*18.6*	*4.6*	*18.3*	*8.3*	*11.2*	*33.2*	*5.8*
Revenue CAGR %							
- FY19-25	7.6	(1.2)	19.2	3.2	8.3	16.0	(2.0)
- FY26E-28E	15.0	11.0	16.5	5.0	10.7	16.0	10.0
EBITDA (Rs bn)							
- FY19				2,515			
- FY25				3,833			
- FY28E				6,271			
EBITDAM %							
- FY19				10.8			
- FY25				9.9			
- FY28E				10.0			
PAT (Rs bn)							
- FY19				959			
- FY25				1,393			
- FY28E				2,931			
Key Growth Drivers	- premiumization via smart locks (10x higher ASP vs mechanical locks) - New client addition, wallet share gains	- premiumization via electronic mirrors - New client addition, wallet share gains	- Ramp up in Greenfields - New client addition and wallet share gains	- limited Growth as Sandhar is into spoke wheels while the industry is transitioning to alloy wheels	- pick up in off-highway segment - Ramp up of new greenfield plant	- Sustained growth in domestic business - Integration of SCL business (wider ADC portfolio) and addition of machining Revenue. - Turnaround and improvement in Overseas operations.	- improving traction in the aftermarket segment - ramp up in the EV components portfolio (further client additions in this space)

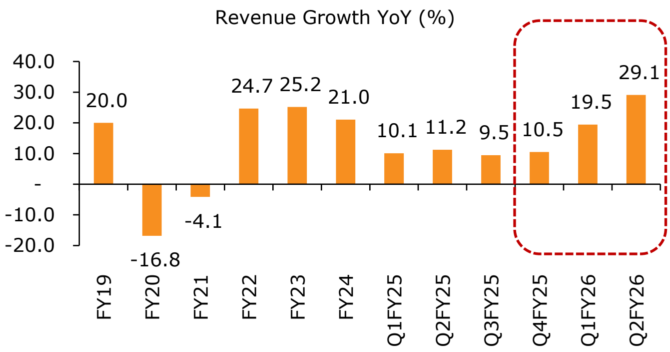
Source: Company, Emkay Research

Exhibit 2: Sandhar has transitioned from an intense capex-building phase (FY18–22) to consolidation and margin repair (FY23-25), and is now entering the harvesting phase (FY26E-28E) when operating leverage, lower capex, and overseas recovery is likely to lift RoCE and cash flows

Aspect	FY18–22: Investment And Build-out Phase	FY23–25: Consolidation and Early Pay-off	FY26E–28E: Harvesting And Calibrated Growth
Broad Description	Heavy capex; new plants; capability build	Utilization ramp-up; margin repair; overseas cleanup	Monetizing past capex; focus on ROCE, FCF, limited new capex
Industry Backdrop	Pre-COVID boom to auto slowdown to COVID impact	Domestic auto recovery; Europe weak	Healthier demand; EV transition; outsourcing tailwinds
Capex Intensity	Large capex was being done, especially in overseas subsidiaries	Peak Capex cycle – with an Avg Capex as % of sales of 9% during this phase	Capex only Rs2.5–3bn (~4-5% of revenue over FY26E-28E); selective growth capex
Capacity Build-out	Majorly overseas expansion phase (Spain, Mexico, Poland)	New plants in sheet metal, cabins, ADC; Plants at Nalagarh, Halol, Attibele, Mysore, Hosur ramping up	Maintenance/growth Capex to continue as it is a capex-intensive business, but overall intensity to moderate; utilization-driven growth
Management Commentary Tone	Building scale, new facilities, EV-readiness	Plants commercialized, improving margins, reducing debt	Peak capex behind, fixed-cost base now absorbed; margin expansion ahead
Role of Overseas Units	High capital employed; volatile; tariff issues	Weak Europe/US demand leading to losses; aim to regain 13.5%+ EBITDA	Normalization expected; Romania ramps; overseas turns contributor
Summary	Building capacity and capabilities	Sweating assets; early payoff; stock recovery	Harvesting past capex and entering the next leg of growth/profitability
Revenue CAGR	4.5%	15.6%	13.7%
EPS CAGR	-3.3%	37.1%	21.6%
Cumulative Capex (Rs mn)	-7,527	-7,888	-7,980
Capex as a % of Sales	7.2%	7.6%	4.8%

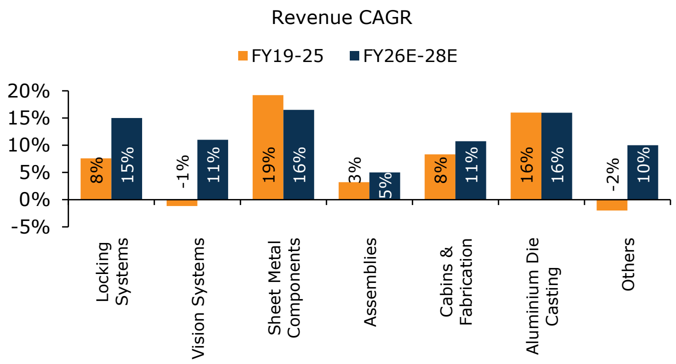
Source: Company, Emkay Research

Exhibit 3: Revenue growth has started accelerating, with Q2FY26 seeing 29% YoY growth on the back of ramp-up of domestic ADC capacity and early contributions from SCL's die-casting business



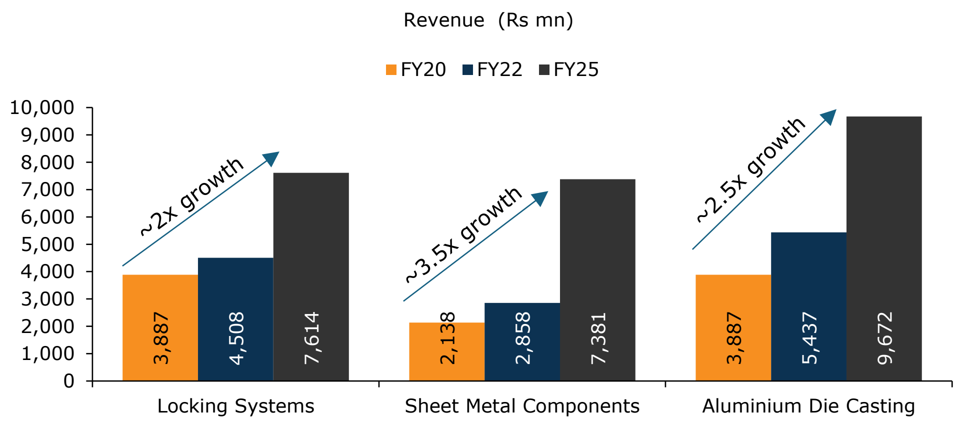
Source: Company, Emkay Research

Exhibit 4: Sheet metals and ADC to be the key growth drivers for the company over the next 3Y



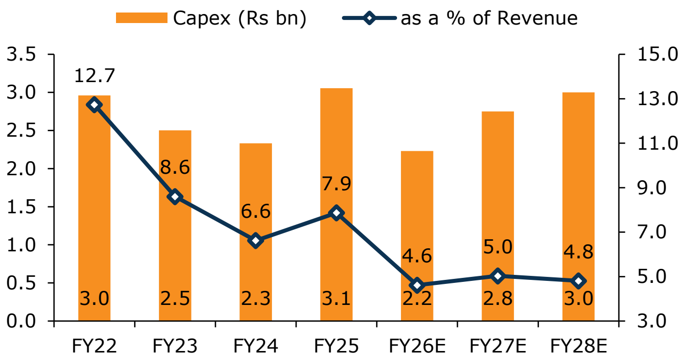
Source: Company, Emkay Research

Exhibit 5: Combined, sheet metal components (3.5x), ADC (2.5x), and Locking (2x) contribute >60% of Sandhar's consolidated revenue



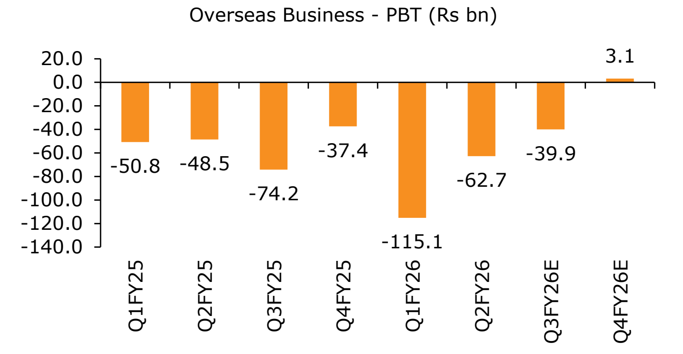
Source: Company, Emkay Research

Exhibit 6: We believe the capex cycle is largely behind and should contribute only ~4.5-5% of revenue over FY26E-28E



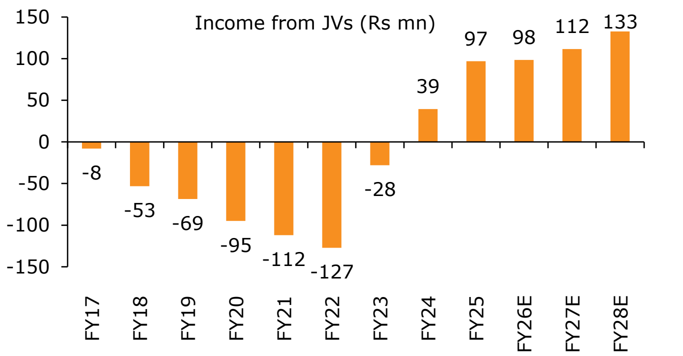
Source: Company, Emkay Research

Exhibit 7: STL's overseas business is expected to see breakeven by Q4FY26 (vs losses now), on operational efficiency, cost cuts, and financial re-engineering and, hence, improve profitability



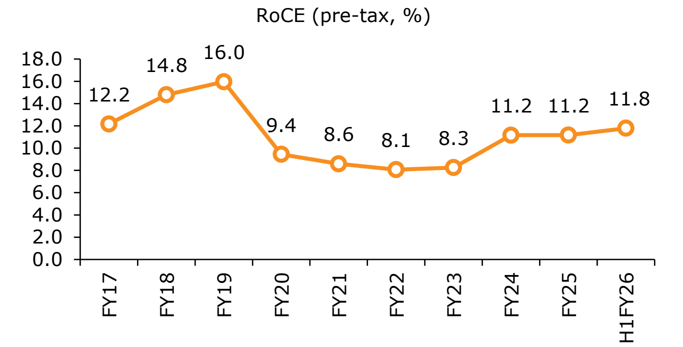
Source: Company, Emkay Research

Exhibit 8: JV profitability has improved from FY24 and is expected to contribute ~5% of consolidated PAT over FY26-FY28E



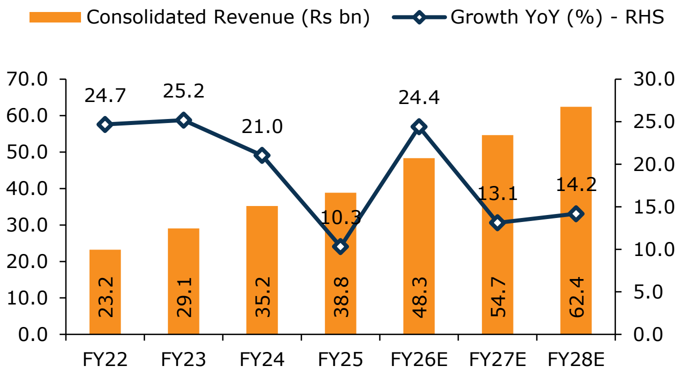
Source: Company, Emkay Research

Exhibit 9: RoCE has also started showing greenshoots, with uptick to ~12% by H1FY26 vs ~8% in FY22 (ie peak capex year)



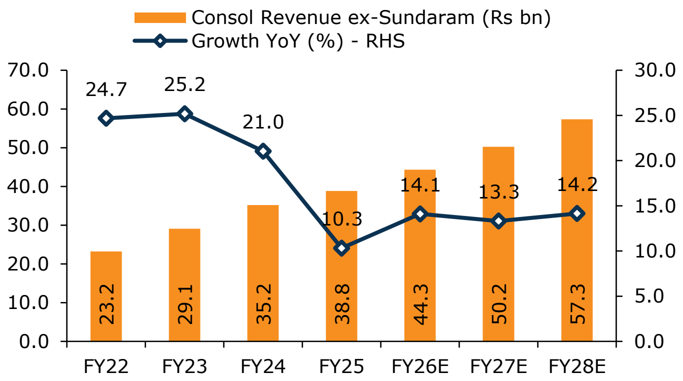
Source: Company, Emkay Research

Exhibit 10: We build in 14% revenue CAGR over FY26E-28E



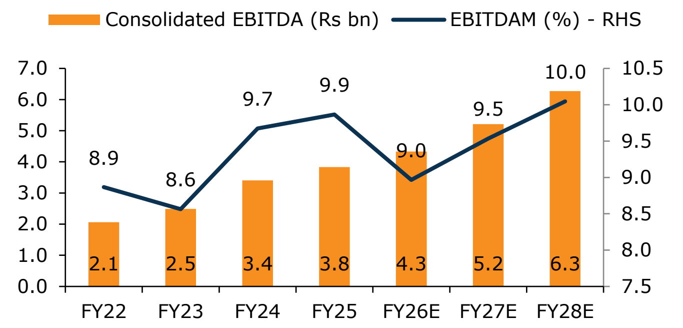
Source: Company, Emkay Research

Exhibit 11: Ex-Sundaram, it stands at similar levels



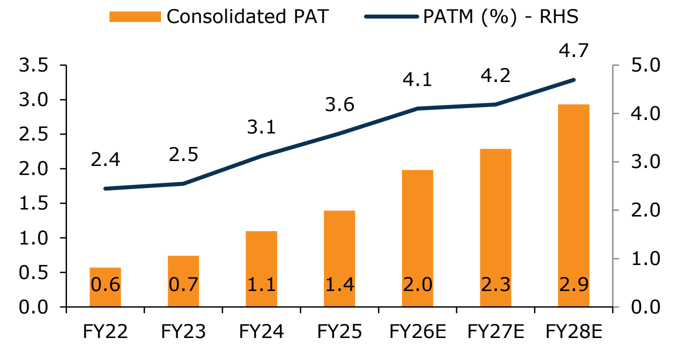
Source: Company, Emkay Research

Exhibit 12: We build in 20% EBITDA CAGR with 9.0-10.0% margin over FY26E-28E…



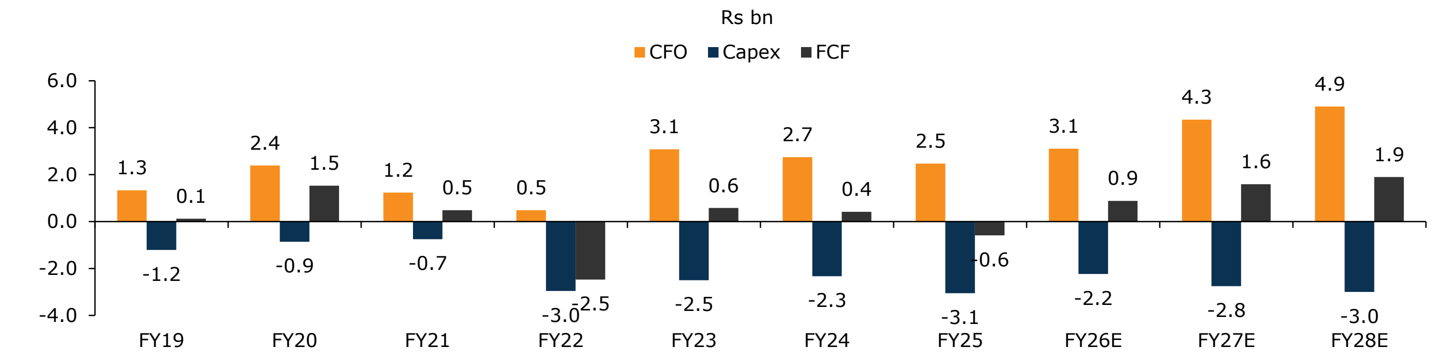
Source: Company, Emkay Research

Exhibit 13: …with 22% PAT CAGR built over FY26E-28E



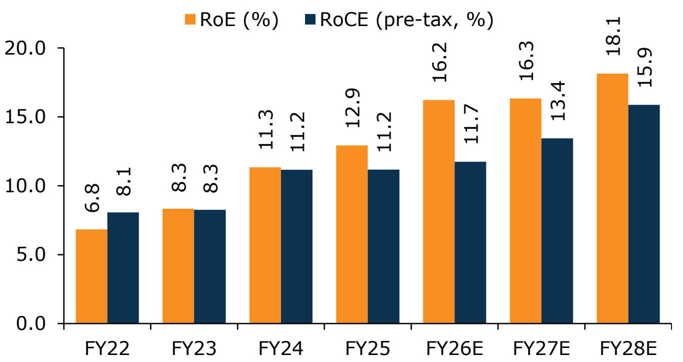
Source: Company, Emkay Research

Exhibit 14: With capex intensity moderating over FY26E-28E, we expect FCF generation to start firing…



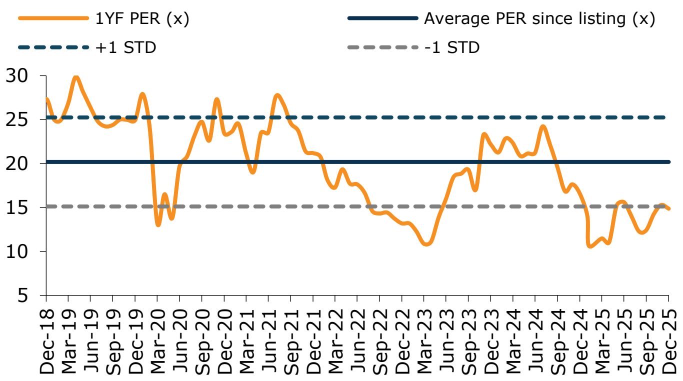
Source: Company, Emkay Research

Exhibit 15: …which in turn should boost overall return ratios



Source: Company, Emkay Research

Exhibit 16: Sandhar trades at 15x 1YF PER at its -1SD and 26% below its average PER since listing



Source: Company, Emkay Research

We initiate coverage with BUY; 51% upside

A diversified auto-ancillary player with a strong 2W/PV base

STL operates across sheet metal (19% of FY25 revenue), die-casting (25%; 31% post-SCL acquisition), locks (20%), mirrors (5%), assemblies (11%), and cabins (14%), serving 2Ws (62%), PVs (16%), and OHVs (14%). ADC (3.5x growth over 5Y) and sheet metal (~2.5x growth) have emerged as core growth engines (>50% of revenue) led by targeted capex in 4 sheet-metal plants, new machining lines at Hosur/Mysuru, and an ADC facility at Pune, which have upgraded STL's capabilities over the years (2x gross block expansion in the last 5Y); premiumization via smart locks (10× ASP vs mechanical) scaling up with HMSI and Suzuki as anchor clients and STL's incubated EV portfolio, with revenue already starting to flow in (Rs69mn in H1FY26), are seen as additional growth levers once these scale up. A reset phase (FY26 onward) is now starting, when margins and RoCE will start improving.

Reset under way: overseas losses halved; all 5 JVs now PAT-positive

Overseas operations were a significant drag during FY24, with -8% YoY revenue growth; however, repricing, SKU cuts, and labor optimization have meaningfully reduced, with EBITDA losses halved vs Q1 and breakeven targeted by Q4FY26. On the JV front, STL exited loss-making partnerships (Jinyoung, Kwangsung,) and refocused on the five remaining core JVs aligned with PV electronics, antennas, ADAS, and smart locks. All five have been PAT-positive since FY24 (H1FY26 JV revenue: +69% YoY) and are expected to contribute ~5% of consolidated PAT over FY26E-28E (vs -4% in FY23).

RoCE inflection in sight; capex intensity to moderate

We believe RoCE will improve from the high single digit (~7-8%) now to ~16% by FY28E, as capex intensity moderates to ~Rs2.5–3bn (~4-5% of revenue vs an average of 9% at peak buildout phase). Also, net debt-to-EBITDA should moderate toward ~1.2x by FY28E (vs 2.2x in FY25 and 2.9x in FY22), driven by EBITDA ramp-up (~20% CAGR over FY26E-28E) post-SCL integration and positive FCF generation (−7% FCF yield on market cap during peak capex in FY22 turning meaningfully positive from FY26, moving toward ~6% by FY28E).

Build in 22% FY26E-28E EPS CAGR; A re-rating candidate identified

STL still trades at a deep value zone discount of ~56% vs peers and 1YF PER trading at 26% below its LTA. The re-rating will be led by the company's core franchises—ADC (>30% mix post-SCL), sheet metal (high-teens mix), and locksets. Margin triggers are visible: 1) SCL's ADC vertical moving from 4–5% EBITDAM toward guided ~8–10% range, as mix/machining intensity improves. 2) PAT breakeven at overseas subsidiaries by Q4FY26. 3) Smart locks (~12–14% margin potential), EV electronics starting to scaleup, offer high-value optionality.

Exhibit 17: Revenue Model Snapshot – We build in 14%/20%/22% revenue/EBITDA/PAT CAGR over FY26E-28E

Particulars (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	**35,211**	**38,845**	**48,325**	**54,668**	**62,420**
YoY Growth (%)	*21.0*	*10.3*	*24.4*	*13.1*	*14.2*
EBITDA	3,406	3,833	4,333	5,213	6,271
YoY Growth (%)	*36.7*	*12.5*	*13.1*	*20.3*	*20.3*
EBITDA Margin (%)	***9.7***	***9.9***	***9.0***	***9.5***	***10.0***
EBIT	1,870	2,127	2,487	3,049	3,902
YoY Growth (%)	*46.6*	*13.7*	*17.0*	*22.6*	*28.0*
EBIT Margin (%)	*5.3*	*5.5*	*5.1*	*5.6*	*6.3*
PAT	1,098	1,393	1,983	2,287	2,931
PAT Margin (%)	***3.1***	***3.6***	***4.1***	***4.2***	***4.7***
EPS (Rs)	**18.2**	**23.1**	**32.9**	**38.0**	**48.7**
EPS Growth YoY (%)	*48.2*	*26.9*	*42.3*	*15.3*	*28.1*
RoCE (pre-tax, %)	11.2	11.2	11.7	13.4	15.9
RoE (%)	11.3	12.9	16.2	16.3	18.1
EV/EBITDA (x)	*18.9*	*15.8*	*11.7*	*10.8*	*9.5*
PER (x)	*29.9*	*23.5*	*16.5*	*14.3*	*11.2*

Source: Company, Emkay Research

Exhibit 18: Revenue Model with key ratios…

Consolidated (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY22-25 CAGR	FY26-28E CAGR
Locking Systems	**4,508**	**5,585**	**6,901**	**7,614**	**8,756**	**10,069**	**11,579**	**19%**	**15%**
Growth YoY (%)	*15.2*	*23.9*	*23.6*	*10.3*	*15.0*	*15.0*	*15.0*		
Vision Systems	**1,836**	**2,211**	**2,218**	**2,175**	**2,349**	**2,584**	**2,894**	**6%**	**11%**
Growth YoY (%)	*23.1*	*20.4*	*0.3*	*-1.9*	*8.0*	*10.0*	*12.0*		
Aluminium Die Casting	**5,437**	**6,981**	**8,979**	**9,672**	**15,418**	**17,762**	**20,738**	**21%**	**16%**
Growth YoY (%)	*38.9*	*28.4*	*28.6*	*7.7*	*59.4*	*15.2*	*16.8*		
-- Domestic	***2,138***	***3,054***	***4,084***	***5,128***	***6,666***	***8,332***	***10,415***	*34%*	*25%*
Growth YoY (%)		*42.9*	*33.7*	*25.5*	*30.0*	*25.0*	*25.0*		
-- Overseas	***3,300***	***3,927***	***4,894***	***4,545***	***4,752***	***4,989***	***5,239***	*11%*	*5%*
Growth YoY (%)		*19.0*	*24.6*	*-7.1*	*4.6*	*5.0*	*5.0*		
-- Sundaram Clayton					***4,000***	***4,440***	***5,084***		*13%*
Growth YoY (%)						*11.0*	*14.5*		
Sheet Metal Components	**2,858**	**3,636**	**5,528**	**7,381**	**8,414**	**9,760**	**11,419**	**37%**	**16%**
Growth YoY (%)	*27.8*	*27.2*	*52.0*	*33.5*	*14.0*	*16.0*	*17.0*		
Cabins & Fabrication	**3,532**	**4,334**	**5,141**	**5,283**	**5,706**	**6,276**	**6,998**	**14%**	**11%**
Growth YoY (%)	*26.3*	*22.7*	*18.6*	*2.8*	*8.0*	*10.0*	*11.5*		
Assemblies	**1,905**	**2,356**	**3,732**	**4,234**	**4,700**	**4,935**	**5,182**	**30%**	**5%**
Growth YoY (%)	*2.2*	*23.7*	*58.4*	*13.4*	*11.0*	*5.0*	*5.0*		
Others (After Market)	**3,160**	**3,985**	**2,711**	**2,486**	**2,983**	**3,282**	**3,610**	**-8%**	**10%**
Growth YoY (%)	*30.4*	*26.1*	*-32.0*	*-8.3*	*20.0*	*10.0*	*10.0*		
Revenue Mix (%)									
Locking Systems	***19.4***	***19.2***	***19.6***	***19.6***	***18.1***	***18.4***	***18.6***		
Vision Systems	***7.9***	***7.6***	***6.3***	***5.6***	***4.9***	***4.7***	***4.6***		
Aluminium Die Casting	***23.4***	***24.0***	***25.5***	***24.9***	***31.9***	***32.5***	***33.2***		
-- Domestic	*9.2*	*10.5*	*11.6*	*13.2*	*13.8*	*15.2*	*16.7*		
-- Overseas	*14.2*	*13.5*	*13.9*	*11.7*	*9.8*	*9.1*	*8.4*		
-- Sundaram					*8.3*	*8.1*	*8.1*		
Sheet Metal Components	***12.3***	***12.5***	***15.7***	***19.0***	***17.4***	***17.9***	***18.3***		
Cabins and Fabrication	***15.2***	***14.9***	***14.6***	***13.6***	***11.8***	***11.5***	***11.2***		
Assemblies	***8.2***	***8.1***	***10.6***	***10.9***	***9.7***	***9.0***	***8.3***		
Others	***13.6***	***13.7***	***7.7***	***6.4***	***6.2***	***6.0***	***5.8***		
Total Consolidated Revenue	**23,237**	**29,089**	**35,211**	**38,845**	**48,325**	**54,668**	**62,420**	**19%**	**14%**
Growth YoY (%)	*24.7*	*25.2*	*21.0*	*10.3*	*24.4*	*13.1*	*14.2*		

Source: Company, Emkay Research

Exhibit 19: ...(*contd*)...Revenue Model with key ratios...

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY22-25 CAGR	FY26E-28E CAGR
Gross Profit	**9,079**	**10,820**	**13,722**	**15,001**	**17,938**	**20,346**	**23,232**	**18%**	**14%**
Gross Margin (%)	*39.1*	*37.2*	*39.0*	*38.6*	*37.1*	*37.2*	*37.2*		
Employee Costs	**3,184**	**3,846**	**4,816**	**5,293**	**6,054**	**6,793**	**7,694**	**18%**	**13%**
Growth YoY (%)	*14.6*	*20.8*	*25.2*	*9.9*	*14.4*	*12.2*	*13.3*		
as a % of sales	*13.7*	*13.2*	*13.7*	*13.6*	*12.5*	*12.4*	*12.3*		
Other expenses	**3,835**	**4,483**	**5,500**	**5,876**	**7,551**	**8,341**	**9,267**	**15%**	**11%**
Growth YoY (%)	*25.6*	*16.9*	*22.7*	*6.8*	*28.5*	*10.5*	*11.1*		
as a % of sales	*16.5*	*15.4*	*15.6*	*15.1*	*15.6*	*15.3*	*14.8*		

Segmental EBITDA	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY22-25 CAGR	FY26E-28E CAGR
Locking Systems					**1,051**	**1,218**	**1,413**		
Margin (%)					*12*	*12.1*	*12.2*		
Vision Systems					**235**	**258**	**289**		
Margin (%)					*10.0*	*10.0*	*10.0*		
Aluminium Die casting					**1,265**	**1,643**	**2,037**		
Margin (%)					*8.2*	*9.2*	*9.8*		
-- Domestic					*667*	*833*	*1,042*		
Margin (%)					*10.0*	*10.0*	*10.0*		
-- Overseas					*418*	*454*	*487*		
Margin (%)					*8.8*	*9.1*	*9.3*		
-- Sundaram					*180*	*355*	*508*		
Margin (%)					*4.5*	*8.0*	*10.0*		
Sheet Metal Components					**757**	**917**	**1,142**		
Margin (%)					*9.0*	*9.4*	*10.0*		
Cabins and Fabrication					**428**	**502**	**630**		
Margin (%)					*7.5*	*8.0*	*9.0*		
Assemblies					**329**	**345**	**363**		
Margin (%)					*7.0*	*7.0*	*7.0*		
Others (After Market)					**268**	**328**	**397**		
Margin (%)					*9.0*	*10.0*	*11.0*		
EBITDA	**2,060**	**2,491**	**3,406**	**3,833**	**4,333**	**5,213**	**6,271**	**23%**	**20%**
Growth YoY (%)	*9.3*	*20.9*	*36.7*	*12.5*	*13.1*	*20.3*	*20.3*		
EBITDA Margin (%)	***8.9***	***8.6***	***9.7***	***9.9***	***9.0***	***9.5***	***10.0***		
Depreciation	1,000	1,215	1,536	1,706	1,846	2,163	2,369		
% of Gross Block	*6.5*	*21.5*	*26.4*	*11.1*	*8.2*	*17.2*	*9.5*		
EBIT	**1,060**	**1,276**	**1,870**	**2,127**	**2,487**	**3,049**	**3,902**	**26%**	**25%**
EBIT Margin (%)	***4.6***	***4.4***	***5.3***	***5.5***	***5.1***	***5.6***	***6.3***		
Other income	70	125	108	165	693	499	455		
as a % of cash and bank	*105%*	*177%*	*30%*	*20%*	*201%*	*88%*	*48%*		
Interest	177	358	515	566	671	651	632		
as a % of Total interest	*3.8*	*5.6*	*7.3*	*6.8*	*7.4*	*7.4*	*7.4*		
PBT	**953**	**1,043**	**1,463**	**1,726**	**2,509**	**2,897**	**3,725**	**22%**	**22%**
Tax	255	268	399	429	624	721	927		
Tax Rate	*26.8*	*25.7*	*27.3*	*24.9*	*24.9*	*24.9*	*24.9*		
Minority Interest	-2.0	-5.9	-4.8	0.0	0.0	0.0	0.0		

Source: Company, Emkay Research

Exhibit 20: …(*contd*)…Revenue Model with key ratios

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY22-25 CAGR	FY26E-28E CAGR
JV Income	**-127.2**	**-28.1**	**39.4**	**97.0**	**98.4**	**111.5**	**132.7**	**LTP**	**16%**
as a % of PAT	*-22.4*	*-3.8*	*3.6*	*7.0*	*5.0*	*4.9*	*4.5*		
Key JVs									
Sandhar Amkin Industries Pvt Ltd	**-45.6**	**10.5**	**15.1**	**28.0**	**30.5**	**33.7**	**40.7**		15%
as a % of PAT	*-8.0*	*1.4*	*1.4*	*2.0*	*1.5*	*1.5*	*1.4*		
Sandhar Han Sung Technologies Pvt Ltd	**-9.4**	**9.3**	**6.9**	**15.0**	**18.1**	**21.9**	**27.0**		22%
as a % of PAT	*-1.6*	*1.3*	*0.6*	*1.1*	*0.9*	*1.0*	*0.9*		
Sandhar Han Shin Auto Technologies Pvt Ltd	**-2.4**	**3.0**	**6.1**	**21.3**	**24.1**	**27.2**	**31.6**		14%
as a % of PAT	*-0.4*	*0.4*	*0.6*	*1.5*	*1.2*	*1.2*	*1.1*		
Winnercom Sandhar Technologies Pvt Ltd	**3.7**	**6.1**	**5.0**	**14.7**	**15.5**	**17.0**	**19.4**		12%
as a % of PAT	*0.6*	*0.8*	*0.5*	*1.1*	*0.8*	*0.7*	*0.7*		
Sandhar Whetron Electronics Pvt Ltd	**-8.0**	**-8.6**	**13.0**	**9.6**	**10.3**	**11.8**	**14.1**		17%
as a % of PAT	*-1.4*	*-1.2*	*1.2*	*0.7*	*0.5*	*0.5*	*0.5*		
Adj PAT	**568**	**741**	**1,098**	**1,393**	**1,983**	**2,287**	**2,931**	**35%**	**22%**
PAT Margin (%)	***2.4***	***2.5***	***3.1***	***3.6***	*4.1*	*4.2*	*4.7*		
EPS (Rs)	**9.4**	**12.3**	**18.2**	**23.1**	**32.9**	**38.0**	**48.7**	**35%**	**22%**
Growth YoY (%)	*-1.8*	*30.4*	*48.2*	*26.9*	*42.3*	*15.3*	*28.1*		

Particulars (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Gross Debt	6,199	6,663	7,410	9,238	8,902	8,690	8,384
Net Debt	6,074	6,531	6,954	8,415	8,548	8,114	7,421
CFO	486	3,079	2,748	2,470	3,086	4,223	4,853
Capex	-2,960	-2,502	-2,331	-3,056	-2,230	-2,750	-3,000
FCF	-2,474	577	417	-586	856	1,473	1,853
Dividend	61	136	151	211	317	389	528
Key Ratios							
PER (x)	57.7	44.3	29.9	23.5	16.5	14.3	11.2
EV/EBITDA (x)	18.9	15.8	11.7	10.8	9.5	7.8	6.4
EV/Sales (x)	1.7	1.4	1.1	1.1	0.9	0.7	0.6
Net Debt/Equity (x)	0.7	0.7	0.7	0.7	0.7	0.5	0.4
Net Debt/EBITDA (x)	2.9	2.6	2.0	2.2	2.0	1.6	1.2
Dividend Yield (%)	0.2	0.4	0.5	0.6	1.0	1.2	1.6
Capex as % of Sales (%)	12.7	8.6	6.6	7.9	4.6	5.0	4.8
FCF Yield - On Market Cap (%)	-7.5	1.8	1.3	-1.8	2.6	4.5	5.6
FCF Yield - On sales (%)	-10.6	2.0	1.2	-1.5	1.8	2.7	3.0
ROE (%)	6.8	8.3	11.3	12.9	16.2	16.3	18.1
RoCE (pre-tax, %)	8.1	8.3	11.2	11.2	11.7	13.4	15.9

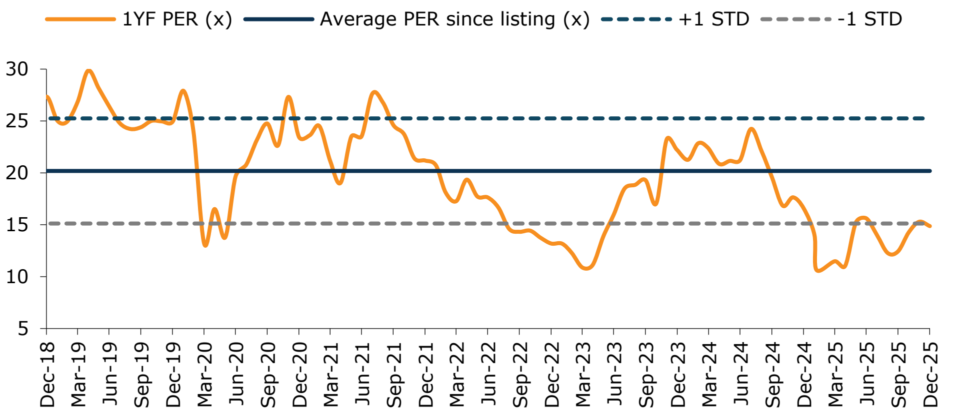
Source: Company, Emkay Research

Exhibit 21: Peer comparison - Sandhar trades at a steep 54% discount to peers despite a healthy 22% FY26E-28E EPS CAGR and improving return ratio profile

Particulars	Revenue (Rs mn)			Revenue CAGR	EPS CAGR	PER (x)			EV/EBITDA (x)			ROE (%)		
	FY26E	FY27E	FY28E	FY26E-28E	FY26E-28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Craftsman Automation	79,219	90,308	101,197	13%	37%	43.2	29.7	23.1	13.7	11.2	9.7	12.8	16.1	17.5
Bharat Forge	155,829	184,683	206,906	15%	21%	64.9	51.2	44.2	25.2	21.1	18.7	10.9	12.9	13.9
Shriram Pistons	44,401	61,849	70,639	26%	23%	24.3	19.4	16.1	12.9	11.1	9.6	22.3	21.6	21.0
Uno Minda	201,428	242,102	296,046	21%	31%	57.0	42.5	33.0	29.8	23.9	19.1	19.9	22.3	23.9
Minda Corp	59,012	69,316	82,233	18%	34%	44.0	32.6	24.4	22.6	18.5	15.1	13.3	15.0	16.5
Pricol	38,888	44,237	50,267	14%	20%	31.5	25.4	21.8	16.7	13.8	11.8	20.9	21.0	19.9
Endurance Technologies	139,674	159,196	180,897	14%	22%	40.4	32.1	27.0	19.3	16.0	13.5	15.8	17.2	18.0
Happy Forgings	15,348	17,849	21,211	18%	17%	34.0	29.4	24.7	19.9	16.6	13.7	14.0	14.3	15.2
Sandhar Technologies	**48,325**	**54,668**	**62,420**	**14%**	**22%**	**16.5**	**14.3**	**11.2**	**9.5**	**7.8**	**6.4**	**16.2**	**16.3**	**18.1**

Source: Company, Bloomberg, Emkay Research

Exhibit 22: Sandhar trades at 15x 1YF PER near its -1SD which is ~26% below its average PER since listing

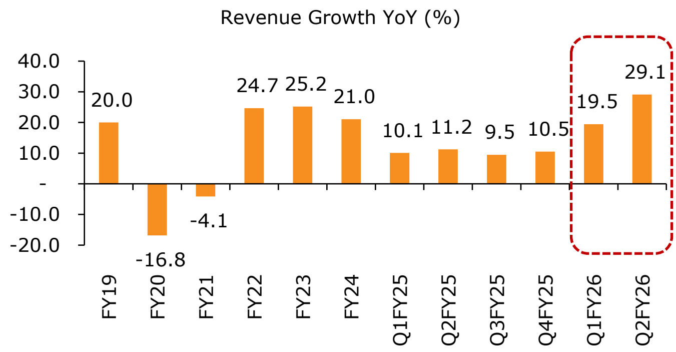


Source: Company, Bloomberg, Emkay Research

Investment phase done; growth cycle starting

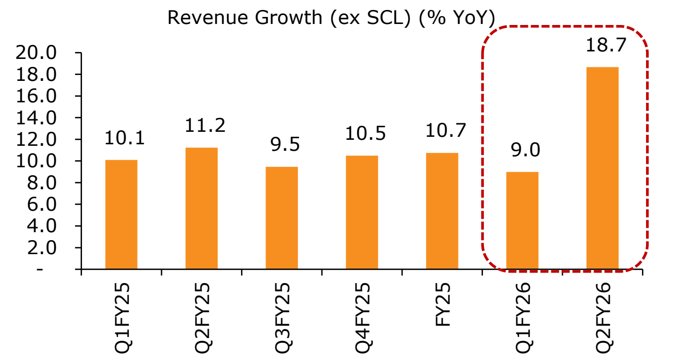
- STL operates across sheet metal (19% of FY25 revenues), die-casting (25%), locks (20%), mirrors (5%), assemblies (11%), and cabins (14%), serving 2Ws (62%), PVs (17%), and OHVs (14%).
- STL has gone through an intense capacity build-out phase (FY21-25), during which the company added 4 plants for sheet metals (~3.5x revenue over the last 5Y), expanded ADC (~5x its domestic revenue over the last 5Y), and machining lines, commissioned the Pune EV-electronics unit, while investing a total of ~Rs11.6bn over FY21-25 in new capacities.
- Smart locks (10x ASP potential vs mechanical) scaling up with HMSI and Suzuki as anchor clients and STL's incubation of its EV portfolio, with revenue already flowing through (Rs69mn in H1FY26), are seen as incremental growth levers as these businesses scale up.
- The result is now visible, with revenue growth already accelerating (~19% in Q2FY26 vs 9%/11% in Q1FY26/FY25) and growing well ahead of the industry (India business at +29%, albeit at a lower base vs auto industry at +6.1% in Q2FY26), with clear visibility on further operating leverage as new plants scale up and mix shifts toward premium systems.

Exhibit 23: Revenue growth is accelerating, with Q2FY26 seeing 29% YoY growth aided by contributions by SCL…



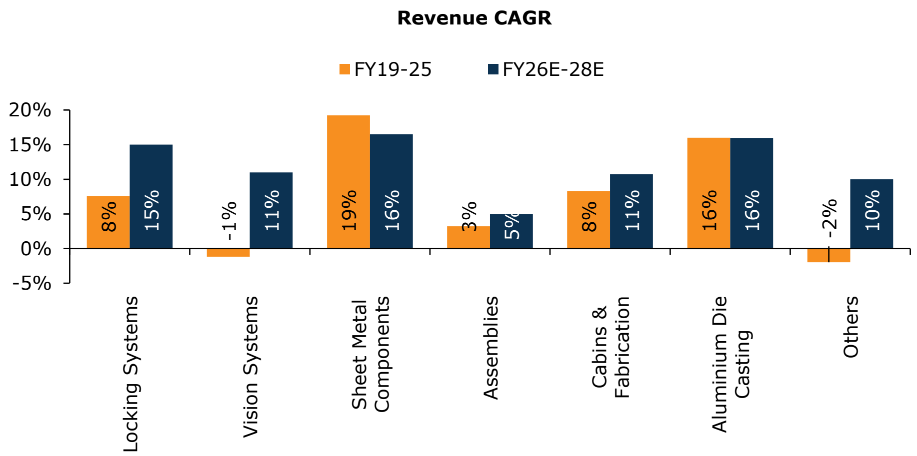
Source: Company, Emkay Research

Exhibit 24: …however, even ex-SCL, growth has accelerated in recent quarters



Source: Company, Emkay Research

Exhibit 25: We believe sheet metal components and ADC would be the key growth drivers over the next few years, followed by locking systems

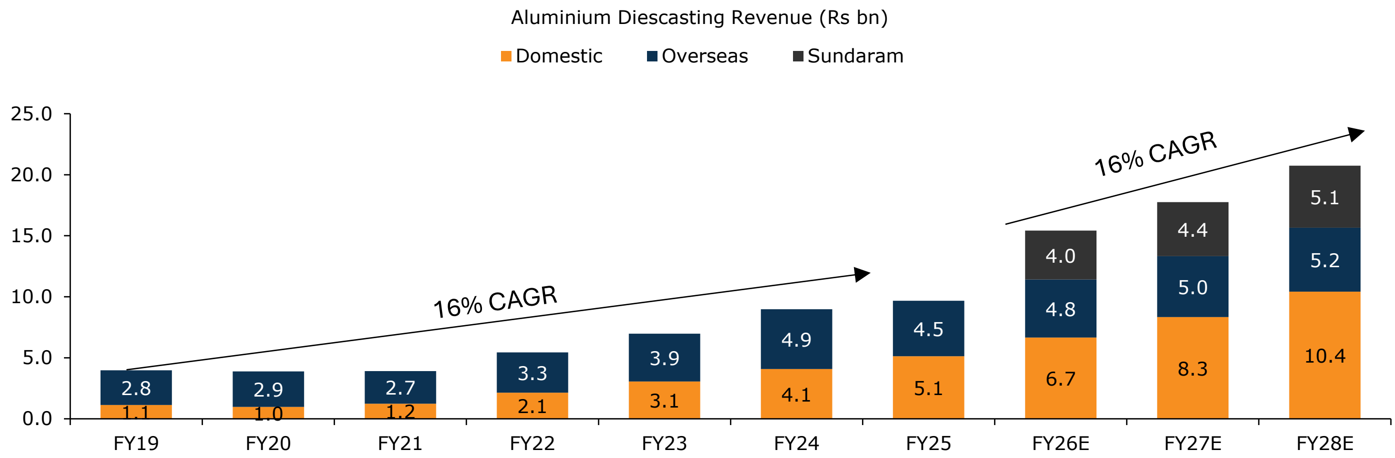


Source: Company, Emkay Research

[A] Aluminum Die Casting – The highest revenue contributor

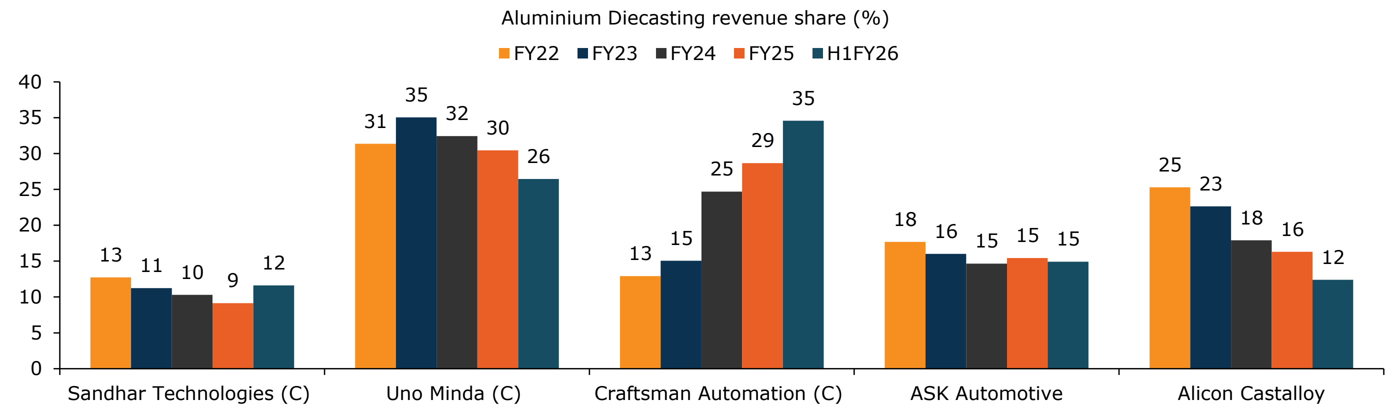
- ADC has already contributed ~25% of FY25 revenue and, with the integration of Sundaram Clayton's HPDC + LPDC business, the mix has risen to ~31% as of Q2FY26, making it STL's single-largest vertical.
- STL has a long-standing domestic presence in die-casting and proprietary global know-how from Sandhar Barcelona, including machine-less casting and specialized 16-cavity tooling for safety components—providing a clear technological edge.
- The Rs1.63bn acquisition of SCL's die-casting business (at an attractive 0.6x EV/Sales on FY25 basis) materially strengthens this vertical by:
  - adding **high-tonnage capacity (>800T);**
  - providing strategic entry into **LPDC**, opening housings, manifolds, and structural parts; and
  - bringing in a sizable **TVS-linked revenue base.**
- The management expects that once the business is fully transferred to STL's facility by FY26-end, it will deliver **~Rs4–4.25bn annual revenue** with **~8–10% EBITDA margin by FY27E/28E**, sharply up from the sub-5% levels now, due to:
  - removal of rental/transition costs;
  - better fixed-cost absorption; and
  - streamlined machining + common tooling through Sandhar Ascast.
- Structurally, ADC positions STL well for OEM lightweighting, EV platforms, and higher-value cast housings—segments with high entry barriers and premium margins.

Exhibit 26: Revenue assumption for die casting – We build in 16% revenue CAGR over FY26E-28E, on the back of the scale-up in the domestic organic business, recovery in overseas business, and recent acquisition/scale-up of Sundaram's ADC business



Source: Company, Emkay Research

Exhibit 27: Sandhar has largely maintained its ADC market share, while Craftsman has been dominating this space in recent years



Source: Company, Emkay Research

SCL's ADC business – Perfect fit for the Sandhar portfolio

- STL was traditionally strong in HPDC but had limited presence in LPDC.
- LPDC gives access to thicker, safety-critical castings such as cylinder heads, manifolds, housings (key for 2Ws/PVs/OHVs).
- The combined HPDC + LPDC offering positions STL as a full-spectrum aluminium die-casting supplier, expanding its wallet share with OEMs.
- The SCL facility adds >**800T machines**, enabling production of larger, higher-value PV components, structurally better-margin parts, and a path into EV structural castings over time.
- Post-acquisition, ADC contributes >31% of consolidated Q2FY26 revenue and is expected to grow faster than the group average.
- SCL margin was depressed (~5%) at the time of acquisition, due to transition from the old Chennai plant to Hosur.
- Importantly, the absence of a **non-compete clause** enables STL to diversify the SCL customer base beyond TVS from FY27 onward—expanding the addressable revenue.
- The management expects margin to normalize to ~10-12% by FY28E (we have built in a conservative margin of ~8-10% by FY27E/28E), as volume stabilizes and integration benefits accrue.

Exhibit 28: STL's aluminium die casting product profile

Source: Company, Emkay Research

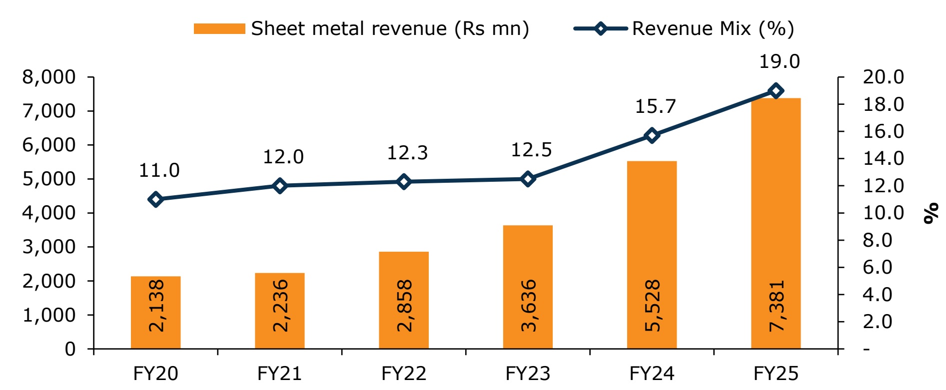
Exhibit 29: STL's zinc die-casting product profile

Source: Company, Emkay Research

[B] Sheet Metals – The second major growth lever

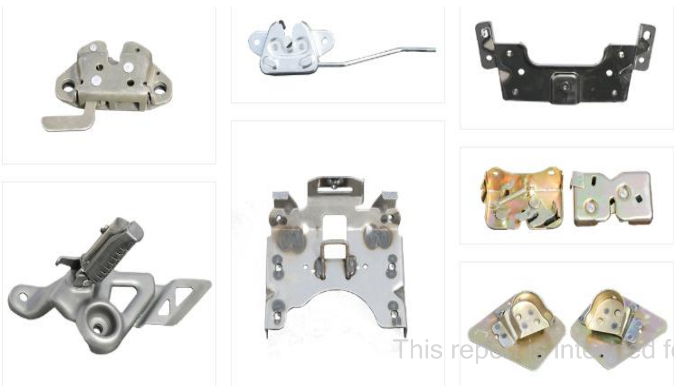
- Sheet metal has been the company's fastest-growing vertical (~2.5x revenue; 28% CAGR over FY20-25), with the mix increasing from **~12–13% to ~19%** over the same period.
- Growth has been driven by four newly commissioned, technologically upgraded plants (Nalagarh, Halol, Attibele, Mysuru), primarily catering to **TVS programs**. These plants are now past the commissioning phase, and entering the **high utilization stage**, enabling ~2.0–2.5× asset turns.
- Management commentary in recent concalls emphasized on:
  - Sheet metal volumes are **scaling up strongly** due to TVS platform wins.
  - Most plants have **sufficient headroom** to support multi-year growth without heavy incremental capex.
  - **Higher value welded + painted assemblies are gaining traction**, improving revenue/vehicle.
- As TVS expands its premium 2W portfolio (Apache, Raider, iQube platforms), STL's wallet share in sheet metal assemblies is expected to correspondingly rise.
- With utilization normalizing across all four new plants, sheet metal margins—currently in the ~10–11% range—should benefit from:
  - improved fixed-cost absorption, and
  - a more complex product mix.
- Sheet metal, combined with ADC, now contributes >50% of STL's consolidated revenue and forms the backbone of the "new Sandhar", with structurally higher scalability and earnings visibility.

Exhibit 30: Sheet metal CAGR stands at 28% over FY20-25 (~3.5x growth in 5Y)



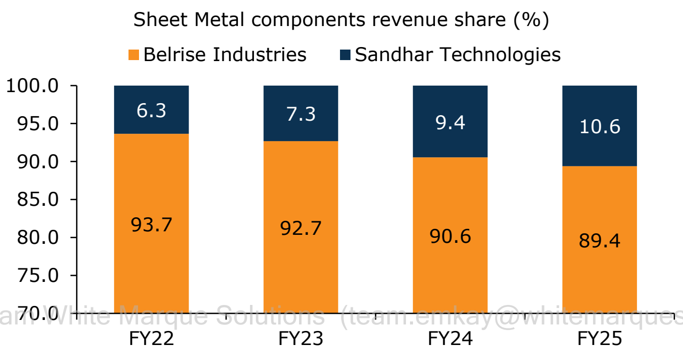
Source: Company, Emkay Research

Exhibit 31: Sheet metal – Key product segment



Source: Company, Emkay Research

Exhibit 32: Sandhar has been able to chip off ~500bps of the revenue pool market share from Belrise over the last 3Y

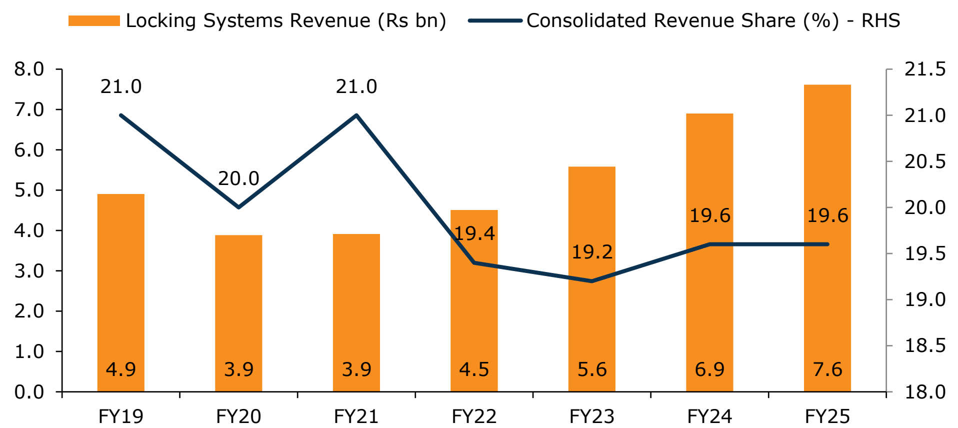


Source: Company, Emkay Research

[C] Premiumization via Smart Locks and new revenue branch via EV Mechatronics

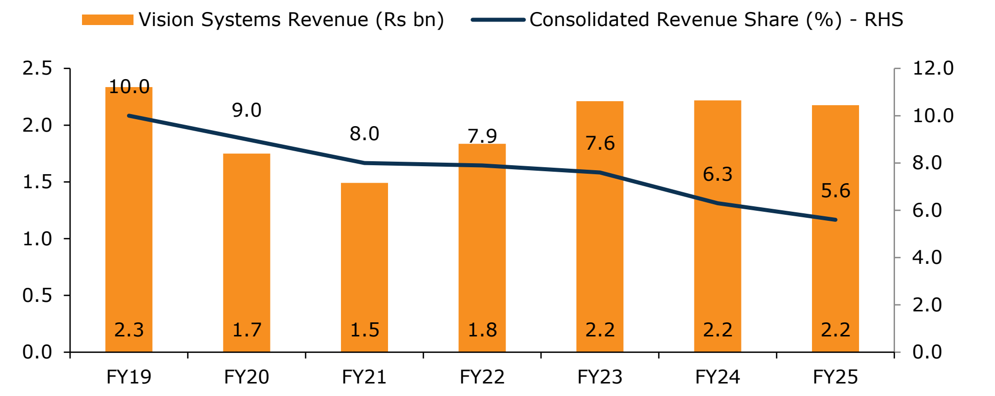
- STL began its journey in the early 1990s as a *2W locking systems manufacturer*, primarily serving **Hero Honda (now Hero MotoCorp)**. Locksets were its flagship product and established STL as a trusted, long-cycle supplier.
- Over time, STL expanded to **TVS, Bajaj, Royal Enfield, and now HMSI**, achieving *one of the highest wallet shares* among Indian suppliers.
- Within STL's locking division (~20% of FY25 revenue), smart locks have emerged as the a powerful premiumization lever.
- Per the management, STL already commands ~70% market share in mechanical 2W locks. Smart locks, on the other hand, offer a 10x jump in value preposition (Rs4k–5k per unit vs Rs300–500 for mechanical).
- STL has already secured two OEM customers for its smart-lock program—HMSI and Suzuki, with supplies to HMSI having commenced in Q2FY26.
- The management has indicated an initial combined volume opportunity of ~90,000–105,000 units annually (~60k–70k units each across Customer 1 and ~30-35k with Customer 2), with a clear path for scale-up as premium scooter variants expand over FY27–28.
- With both HMSI and Suzuki adopting smart-key systems across refreshed model cycles, this business is positioned to become a structurally relevant margin accretor over the next 2–3 years.
- In Vision Systems, STL manufactures mirrors primarily for 2Ws (HMCL and TVSL are key clients along with Suzuki and HMSI in the 2W space), and is also present in the PV, 3W, and CV space
- STL's Vision Systems contribute ~5.6% of FY25 revenue, though the segment has been a laggard over the years, given that the business remained anchored in low-value 2W mirrors.
- However, more recently, STL has bagged an order from Hyundai for EC mirrors, with SOPs already started.
- The management has highlighted that going ahead, growth in Vision Systems would be led by both, feature-led premiumization (powered mirrors, foldable units, indicators integrated into mirrors) and new customer additions.

Exhibit 33: Locking systems have maintained ~20% revenue mix over the years…



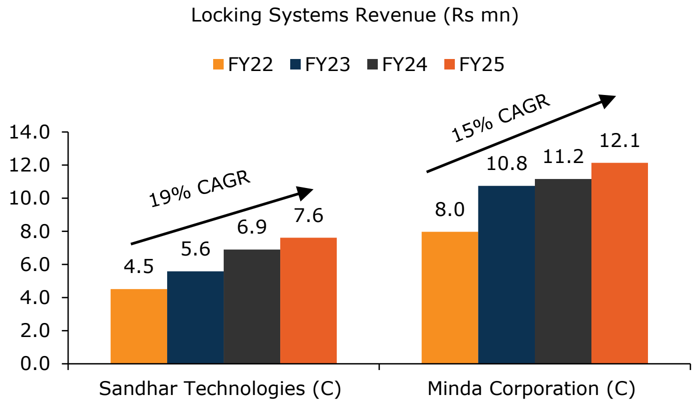
Source: Company, Emkay Research

Exhibit 34: …while Vision Systems revenue has seen a persistent dip, given that the business has been anchored to low-value 2W mirrors



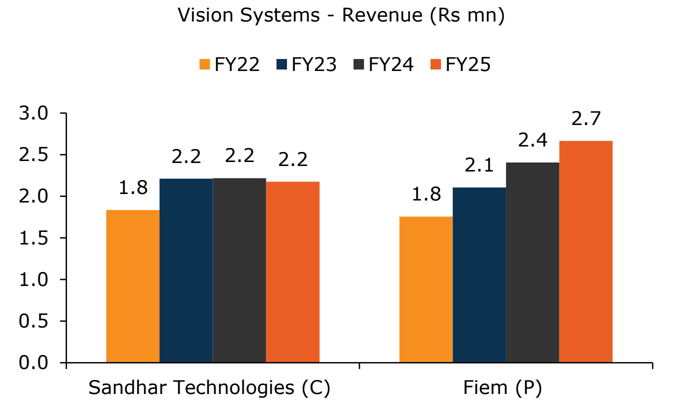
Source: Company, Emkay Research

Exhibit 35: Sandhar's locking revenue has grown faster than Minda Corp's, which is albeit smaller in scale…



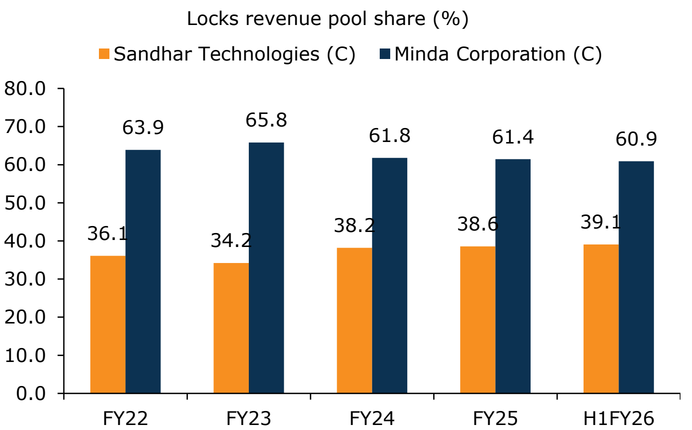
Source: Company, Emkay Research

Exhibit 36: …however, Sandhar has lagged peers like Fiem, which have captured the 2W industry much faster in Vision Systems



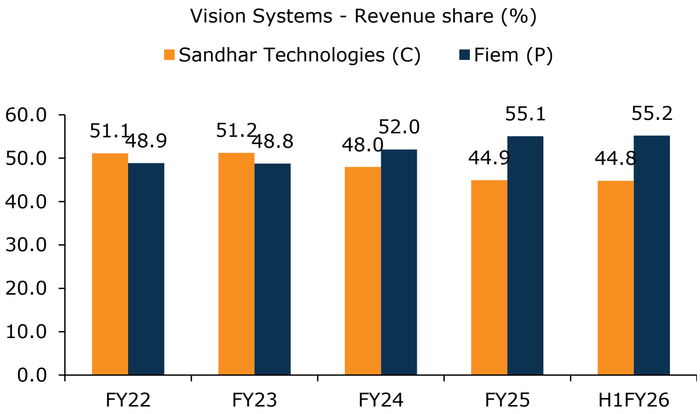
Source: Company, Emkay Research

Exhibit 37: On like-to-like basis, Sandhar has gained market share in the locking business…



Source: Company, Emkay Research

Exhibit 38: …while having lost market share in the Vision Systems business



Source: Company, Emkay Research

Exhibit 39: Locking System – Key products

Source: Company, Emkay Research

Exhibit 40: Vision Systems – Key products

Source: Company, Emkay Research

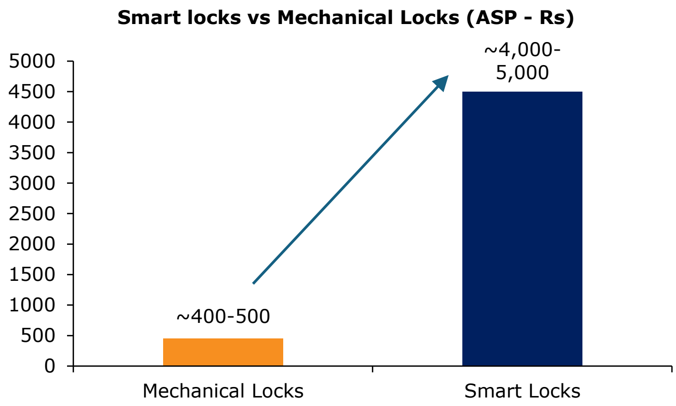
Smart locks – A major value addition

- STL has already commenced pilot production for smart locks; Q4FY26 is expected to see daily-supply cadence, and first-year volume guidance stands at ~60k–70k units for Customer 1 and ~30k–35k for Customer 2.
- Over FY27–28E, smart locks are likely to become a meaningful contributor to both, top-line and margin uplift, with the management expecting mechanical-lock-like EBITDAM (~12-14%) once scaled.
- Key initial anchor clients include Japanese OEMs (HMSI and Suzuki), which have been awarded STL's exclusive multi-year mandates, covering ~5-7Y of output and representing ~10% of their vehicle volumes initially.

Exhibit 41: Sandhar has already commenced pilot production for smart locks

Source: Company, Emkay Research

Exhibit 42: Smart locks – A 10x ASP potential for unlocking major growth/margin optionality for the company



Source: Company, Emkay Research

Sandhar's EV foray – Targets Rs1bn topline by FY28E

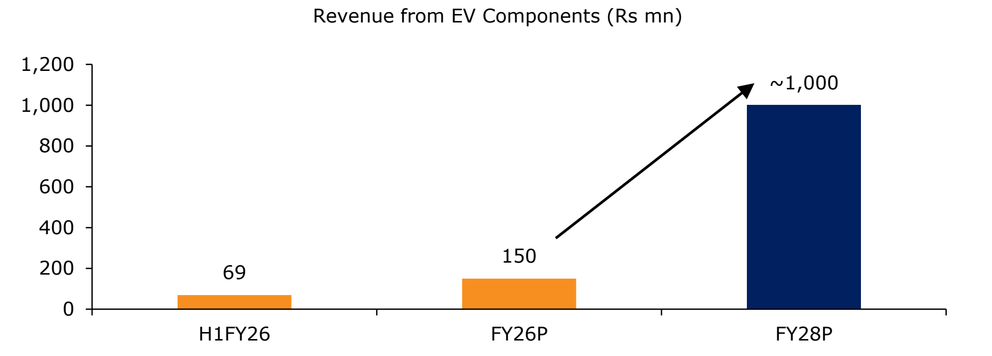
Sandhar believes the EV business could be a Rs1bn business over the next 3Y

- "We have a three-year plan for the EV business. This will be the first full year of operations where we have targeted numbers which are comparatively smaller in the range of Rs.10 crores to Rs.15 crores. But it's ramping up very quickly to a Rs.100 crore level within the next three years"

- Jayant Davar, MD & CEO in the Q4FY25 Earnings Call (refer to Link)

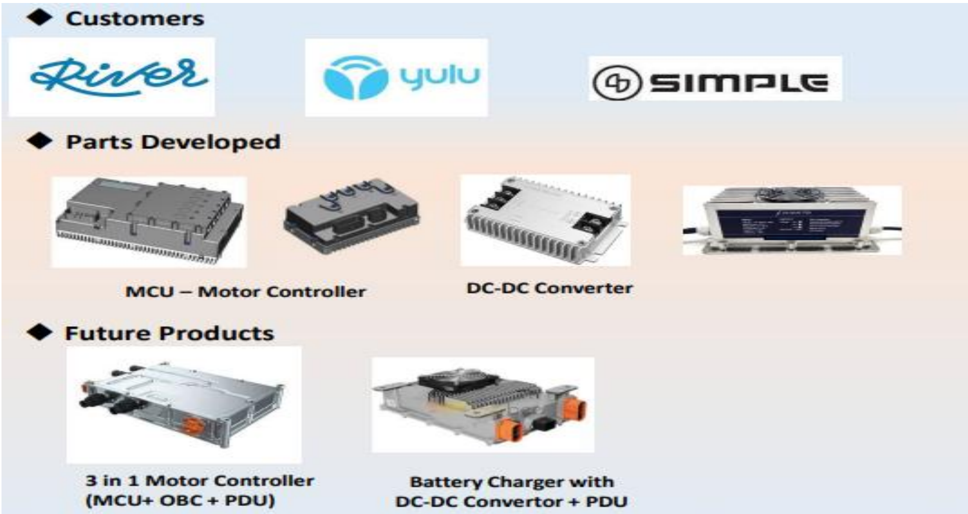
- STL's EV mechatronics line (MCUs, battery chargers, and DC–DC converters) has already started commercial production (battery chargers live; controllers/DC–DC in late-stage testing).
- The company generated ~Rs69mn in H1 from this vertical and targets Rs150mn in FY26 while stating its 3Y guidance to reach Rs1bn by FY28.
- STL manufactures motor controllers across rated power levels of 250W, 2kW, and 6kW, serving both 2W and 3W applications.
- Sandhar Auto Electric Solutions Pvt, a wholly-owned subsidiary, has commissioned its new advanced manufacturing facility in Behrampur, Haryana. The plant strengthens STL's EV strategy and caters to rising demand by producing motor controllers, battery chargers—already under commercial dispatch—and DC-DC converters for 2W and 3W EV applications.
- A key differentiator for STL is its high localization, with most sub-components—including aluminum housing, plastic enclosures and PCBs—produced in-house. This is in contrast to many peers that continue to import such parts from China and other regions.
- Typically, motor controller contribute ~Rs4,000-9,000 per vehicle to the overall EV cost.

Exhibit 43: Per the management, revenue from the EV business could scale up, to Rs1bn over the next 3Y



Source: Company, Emkay Research

Exhibit 44: Key clientele of STL's EV portfolio



Source: Company, Emkay Research

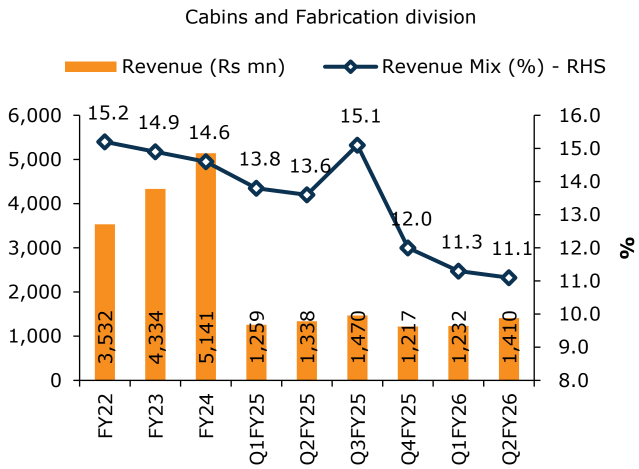
[D] Cabins and Fabrication – Rebound expected in H2

"I do believe that the new orders that I see in quarter 3 and quarter 4 of this financial year seem to be much more solid compared to what we had in the first half of the year"

*- Q2FY26 (refer to **Link**) Jayant Davar, MD & CEO Sandhar Technologies*

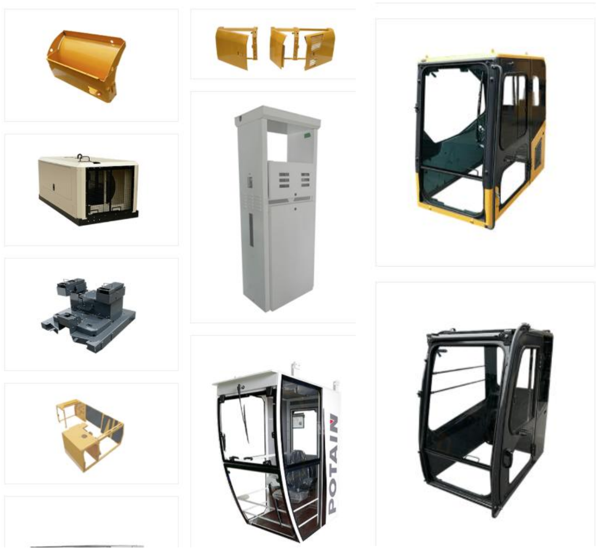
- STL entered the cabins segment by acquiring Mag Engineering (FY2013) and Arkay Fabsteel's cabin business (FY15), giving it the capability in operator cabins, welded structures, and frames and fabrications for construction equipment OEMs.
- The business supplies to leading players like JCB, Case New Holland, Hitachi Construction Machinery, and others, providing a steady, recurring revenue base tied to the construction equipment cycle.
- Revenue from the Cabins and Fabrication business currently contributes 14% of Q2FY26 revenue, at CAGR of ~14% over FY22-25.
- The segment has faced temporary slowdown in recent quarters due to BS-IV to BS-V transition, with OEMs holding high inventory of older specification (spec) vehicles.
- The management expects a strong rebound in Q3/Q4, supported by new cabin programs and pending customer orders.
- Margins (~8-9%) are expected to improve by ~50–100bps once the new Pune facility ramps up.

Exhibit 45: Sandhar's cabin and fabrication segment has seen moderation in recent years on transition from BS-IV to BS-V norms, with OEMs holding high inventories of older spec vehicles



Source: Company, Emkay Research

Exhibit 46: Cabins and Fabrication – Key products

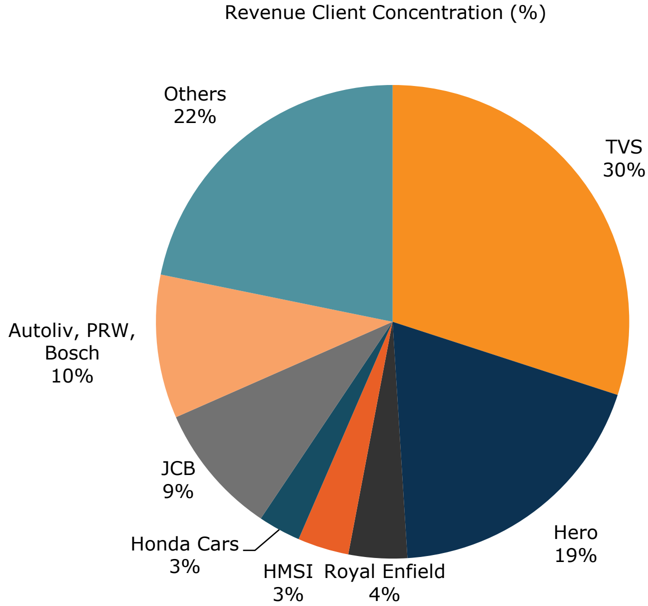


Source: Company, Emkay Research

[E] Customer-, segment-, platform-based diversification

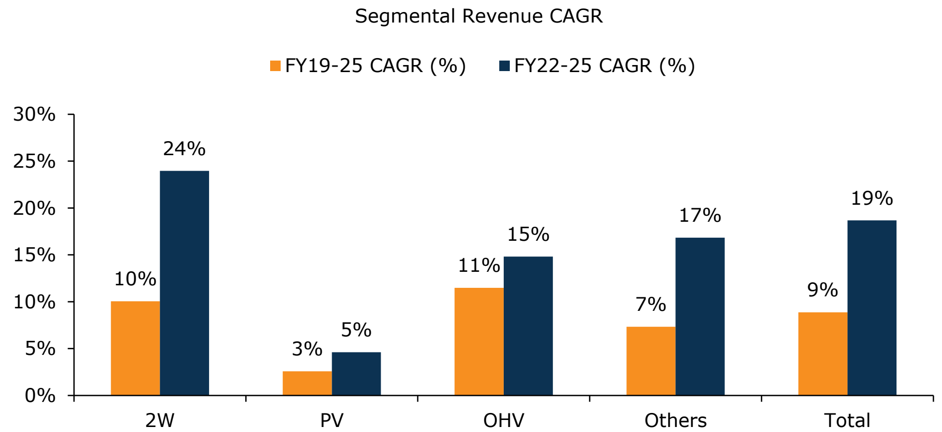
- STL's key clients include TVS (~30-32% share of total), Hero (~18-19%), JCB (~8%), global Tier-1s (Autoliv, TRW, Bosch; ~9-9.5%), and HMSI (only ~4%, albeit fast rising due to new mirror/lock/casting programs). The company has also won new overseas customers in ADC, set to contribute from Q4FY26 onward. This multi-customer profile is far more balanced than the pre-2018 concentration structure.
- While the company is still a 2W-centric supplier, it is undergoing multiple JV partnerships that are PV-focused, providing a major optionality going ahead.
- Sheet metal primarily serves TVS and Hero; ADC caters to 2Ws/PVs/CVs/OHVs; cabins and fabrication are linked to construction equipment; Vision Systems and locks serve all 2W OEMs.
- The shift to the PV/OHV segments is likely to reduce cyclical risk and increases average realization per product going ahead.

Exhibit 47: TVS and Hero together contribute ~49% of overall revenue



Source: Company, Emkay Research

Exhibit 48: The 2W and OHV segments have grown the fastest for Sandhar



Source: Company, Emkay Research

Exhibit 49: Key Clientele – 2Ws and PVs/CVs

Two-wheeler

Passenger vehicle / commercial vehicles

Source: Company, Emkay Research

Exhibit 50: Key Clientele – OHV tractors and Auto/Non-Auto components

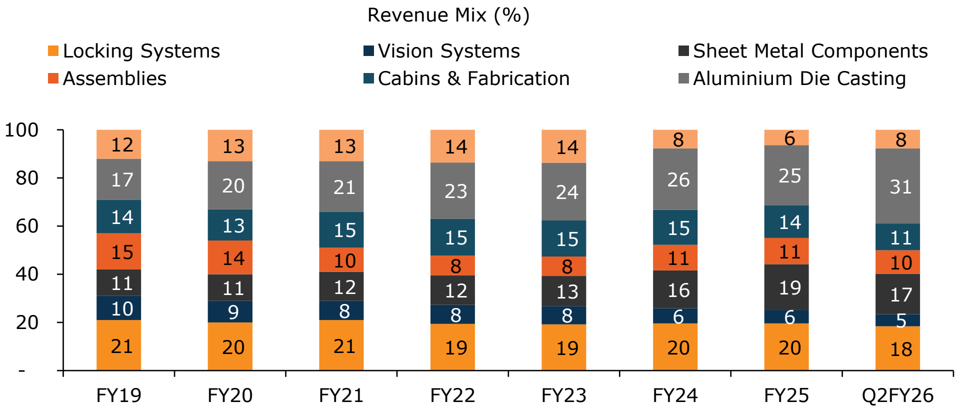
Off-highway vehicles / tractors

Auto components

Non-automotive

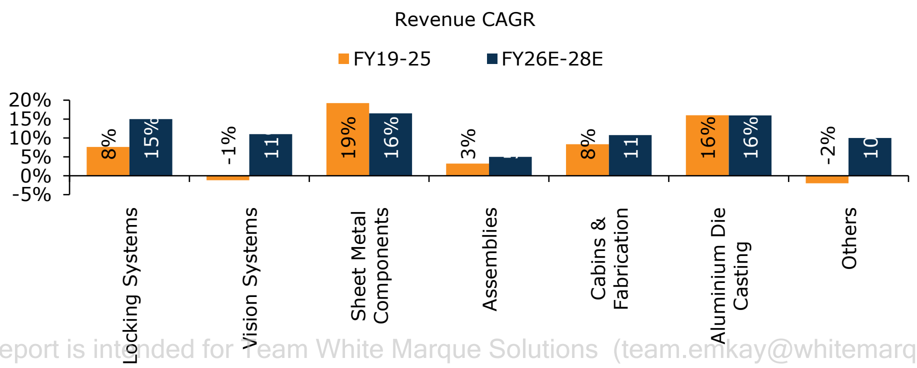
Source: Company, Emkay Research

Exhibit 51: ADC and Sheet metals are the major revenue growth drivers for STL



Source: Company, Emkay Research

Exhibit 52: Locking systems, Sheet metal, and ADC to drive the bulk of growth for Sandhar, going ahead



Source: Company, Emkay Research

Case Study: Lost ground now being regained

"As was expected, Q2 was supposed to be lower than Q1, as we had started seeing a declining trend month-on-month for the last almost about 12 to 13 months now"

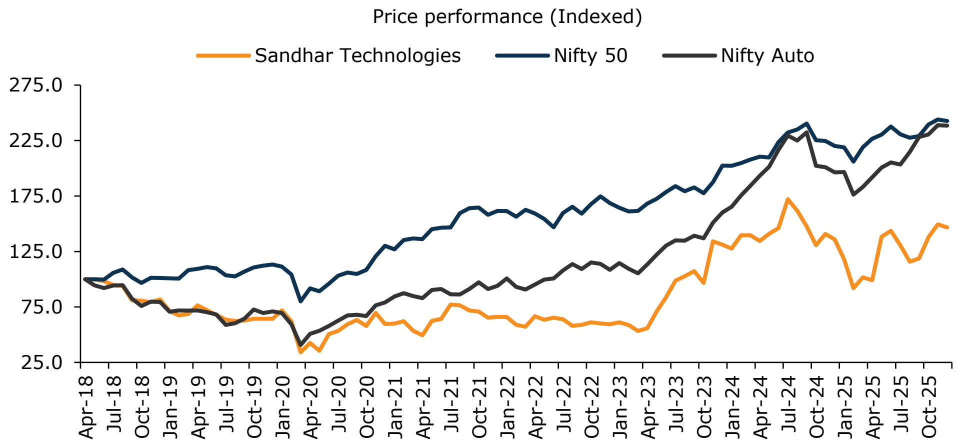
- *Arvind Joshi (ex-WTD, CFO) Q2FY19*

- STL's IPO, back in Mar-18, was positioned around a broad-based, multi-product auto-component story, with expected acceleration in premium segments (electronic mirrors, advanced die-casting, safety electronics). However, the stock has materially underperformed post-IPO, delivering only ~6.8% CAGR since listing vs the Nifty's ~12.7%.
- STL had listed at ~32x FY18 PER, above the median valuations of domestic auto-ancillaries at the time (typically ~18–25×). Margin expansion, faster scale-up of high-value product categories, and better utilization from new facilities and JVs were expected.
- Within a year of listing, the auto sector (especially 2Ws) entered a downturn, wedged in the FY19-20 domestic auto slowdown and the FY20-21 Covid disruption, followed by the FY22 supply-chain constraints and commodity volatility.

[A] What went wrong for the group

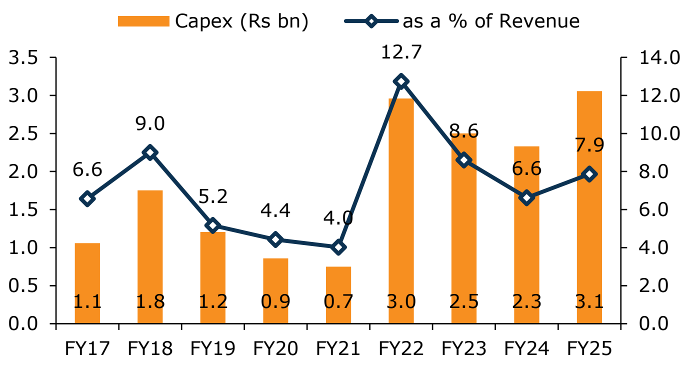
- During FY19-24, STL was hit by external industry slowdown, Covid-led demand collapse, and European macro stress, just as it was tacking a heavy capex cycle and a complex JV/overseas footprint.
- Demand slowdown across 2Ws, PVs, CVs, and CEs meant utilization stayed sub-optimal. The management has highlighted that OEMs reduced their production schedules which impacted its performance as well.
- With high fixed costs across ADC, sheet metal, and machining and cabins, negative operating leverage kept EBITDA flat and RoCE suppressed (~8–9%) through FY19-23.
- Moreover, STL's global subsidiary (Sandhar Barcelona) faced weak European auto demand, high energy/labor inflation (post the Russia–Ukraine war), FX losses, and delayed customer schedules. These units delivered low EBITDA and losses, diluting the consolidated margin and RoCE.
- Several JVs (helmets, sensors, antennas, cables, precision electronics) took longer than envisaged to scale meaningfully. STL eventually exited/diluted loss-making JVs (Jinyoung, Kwangsung).
- FY21–FY24 saw aggressive capex: 4 sheet metal plants, machining lines, ADC expansion, Romania, EV electronics, and the Sundaram Clayton acquisition (Rs1.6bn). With slow volume recovery and overseas/JV drag, such capex did not immediately translate into returns.

Exhibit 53: Sandhar has underperformed the Nifty Index, and the Nifty Auto Index was dragged down by the various aforementioned factors



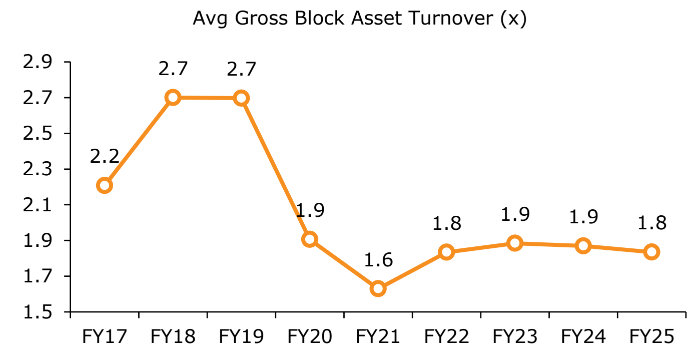
Source: Company, Emkay Research

Exhibit 54: Capex phase peaked out during FY22-25...



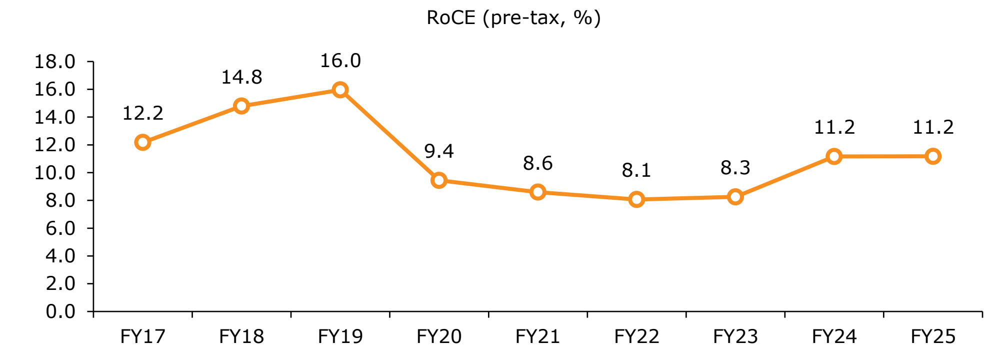
Source: Company, Emkay Research

Exhibit 55: ...with asset turnover seeing a decline...



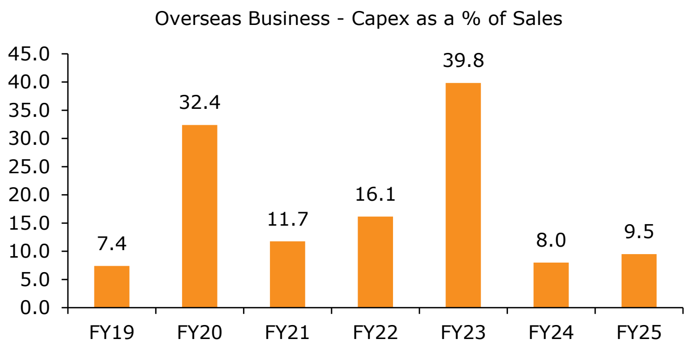
Source: Company, Emkay Research

Exhibit 56: ...which led to RoCE compression during Sandhar's peak capex phase to a single digit



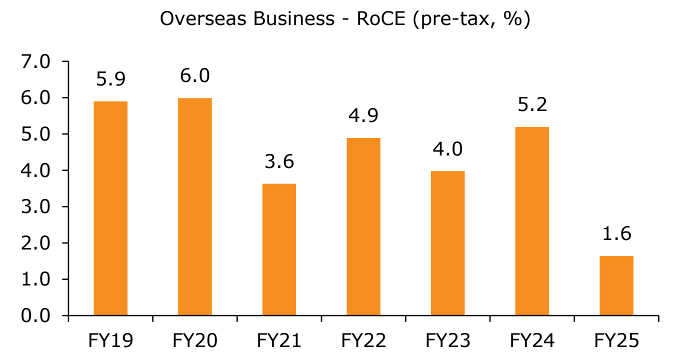
Source: Company, Emkay Research

Exhibit 57: STL's overseas business witnessed significant capex during the last 5Y...



Source: Company, Emkay Research

Exhibit 58: ...which also kept its RoCE range-bound

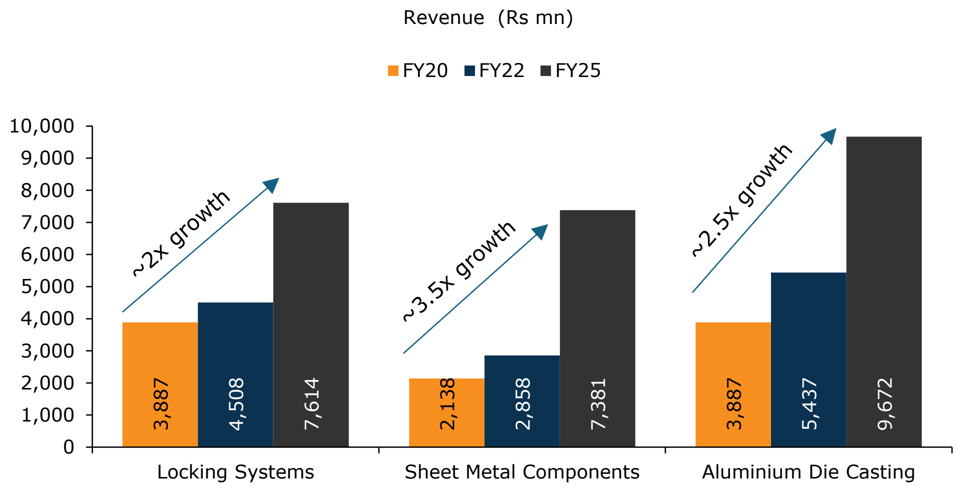


Source: Company, Emkay Research

[B] What is different now and how are things turning around

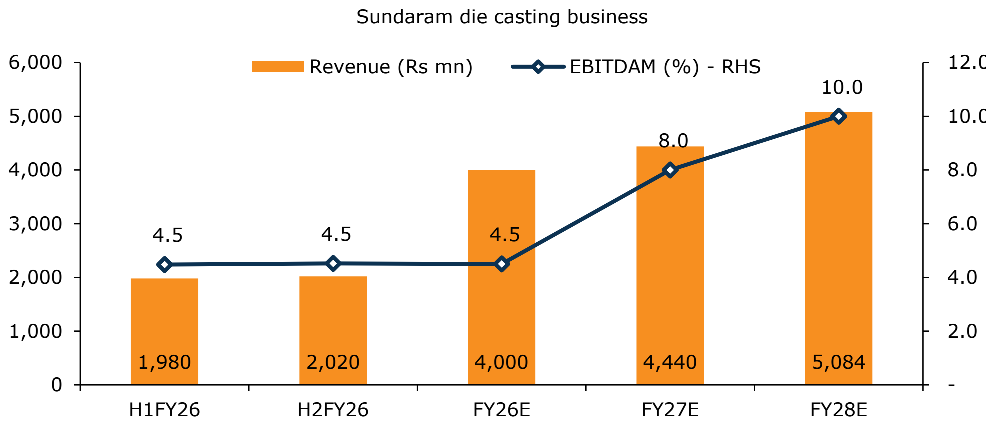
- We believe STL has entered the FY25-28E phase at a structurally stronger starting point. The issues that impaired post-IPO returns, ie industry downcycle, overseas drag, JV losses, and heavy capex, have largely been resolved.
- Also, signs of scale-up in sheet metal components and ADC are clearly visible; these contribute >50% of STL's consolidated revenue presently and form the backbone of the "new Sandhar," with structurally higher scalability and earnings visibility.
- **Overseas losses halved vs Q1,** with the management explicitly stating this; Romania is expected to see breakeven by Q4FY26 on a consolidated basis. Moreover, tariff differentials, energy cost surges, and labour inflation, which were the main reasons of the FY21-24 losses, have now been structurally addressed.
- **STL has exited loss-making JVs (Jinyoung, Kwangsung) during FY24-25**; all the remaining five JVs (Amkin, Whetron, Winnercom, Han Sung, Han Shin) are PAT-positive.
- **Capex cycle peaked**; no large projects ahead; utilization rising across 4 new sheet-metal plants + machining + ADC. The management has guided for no major capex in the next 12M, with normalized annual capex of ~Rs2.5-3bn, mostly for maintenance + customer-led additions.
- **Premium products now scaling up**: Smart locks (10× ASP vs mechanical locks), HPDC/LPDC (SCL - ADC now ~31% of revenue, with Sundaram's margins to scale up, to ~8-10% levels over FY26-28E), and EV electronics like Controllers, DC–DC, and Chargers are expected to scale up, to Rs150mn within FY26 (vs Rs69mn in H1FY26), with a potential aspiration to reach ~Rs1bn by FY28E.
- **RoCE improving**: STL's India business standalone RoCE already stands at **16%** (H1FY26 annualized), with the management targeting ~**18% in the near term.**
- We believe the next leg of returns is expected to be driven by operating leverage, mix improvement, and RoCE expansion toward 16% by FY27-28, marking a clear break from the FY19-24 underperformance cycle.

Exhibit 59: Sheet metal components and ADC combined now contribute >50% of Sandhar's consolidated revenue and form the backbone of the "new Sandhar"



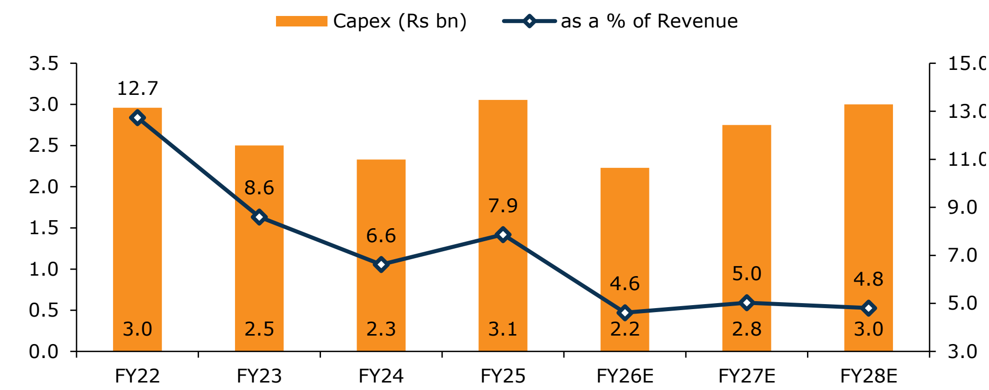
Source: Company, Emkay Research

Exhibit 60: Improvement in margins of the recently-acquired Sundaram Diecasting business should aid the overall margin trajectory



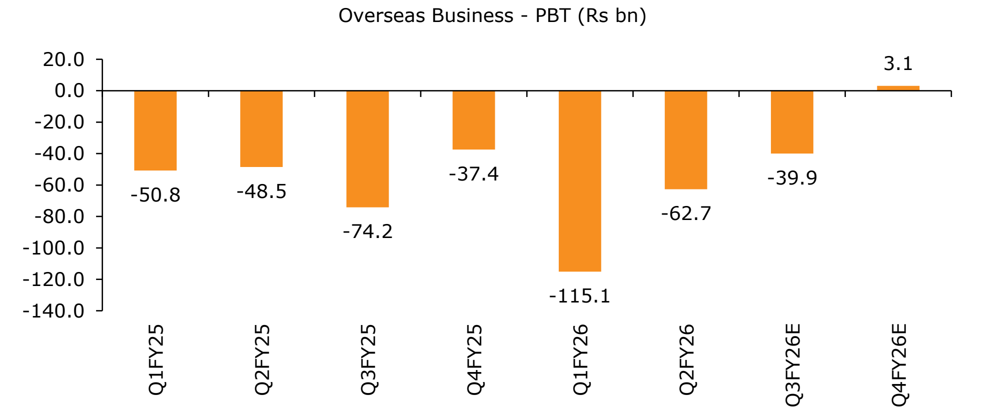
Source: Company, Emkay Research

Exhibit 61: Capex intensity peaked in FY22 and should start moderating now, given that the investment phase is now largely behind



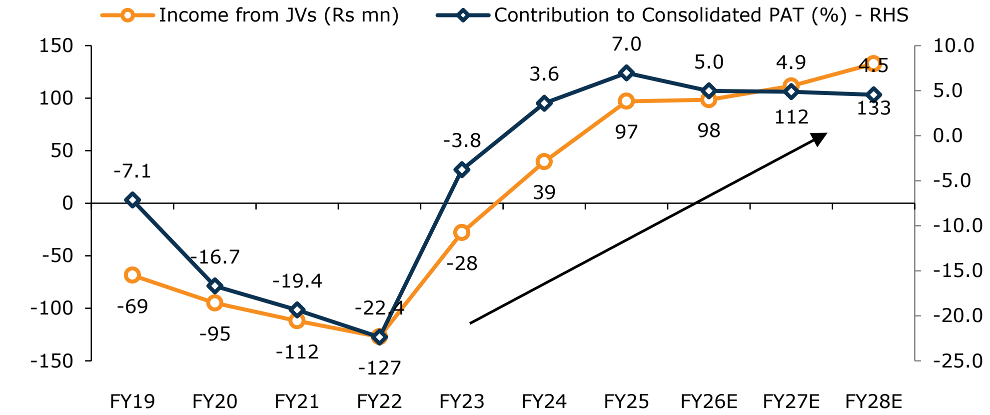
Source: Company, Emkay Research

Exhibit 62: Losses in overseas JVs halved in Q2FY26 on QoQ basis, with further improvement expected ahead



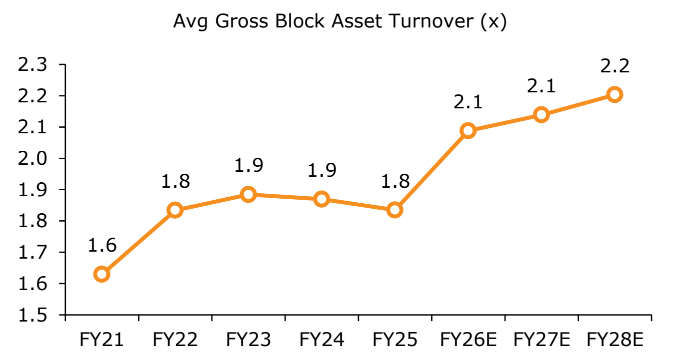
Source: Company, Emkay Research

Exhibit 63: JVs have turned profitable and are now positively contributing to the bottomline



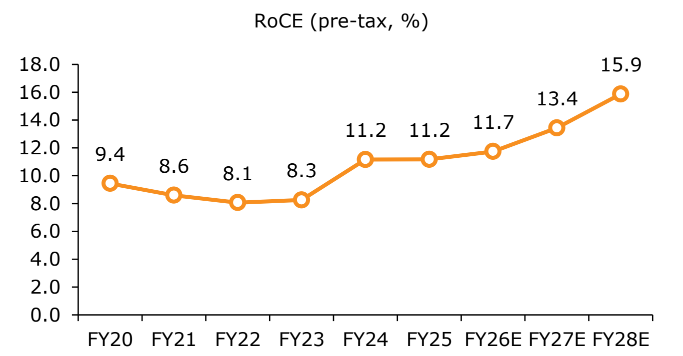
Source: Company, Emkay Research

Exhibit 64: Asset turnover is also expected to improve, as the new greenfields ramp up and utilization levels improve…



Source: Company, Emkay Research

Exhibit 65: …this would fuel the improvement in RoCE over FY26E-28E



Source: Company, Emkay Research

Global Business/JVs entering a reset phase

- STL's overseas franchise was built through the FY08 acquisition of TECFISA in Spain which was engaged in aluminum die-casting of small parts and mold design.
- This business was folded into Sandhar Technologies Barcelona SL (ST Barcelona), which in turn houses wholly-owned step-down subsidiaries in Mexico and Poland.
- The company's overseas units specialize in safety-critical aluminium die-cast components (spindles, reel axles, and seat-belt retractors and related parts) for global restraint and wiper systems, supplying Tier-1s such as Bosch and Autoliv, and even participating in programs like Tesla's Model 3 wiper system via Tier-1 channels.
- Over time, this footprint has been deepened with a greenfield die-casting plant in Romania, giving STL manufacturing presence in Spain, Poland, Mexico, and Romania. As of FY25, its overseas business contributed ~12% of consolidated revenue, with the balance being domestic.
- Strategically, the overseas business gives STL 1) direct proximity to European and NAFTA OEM programs, 2) deep engineering and process capability in aluminum die-casting, and 3) a qualification base with high-quality global customers that the company is now leveraging in India (eg the Sundaram-Clayton die-casting acquisition).

Exhibit 66: Sandhar has undertaken key overseas acquisitions, which are now showing signs of turnaround to the earlier highs

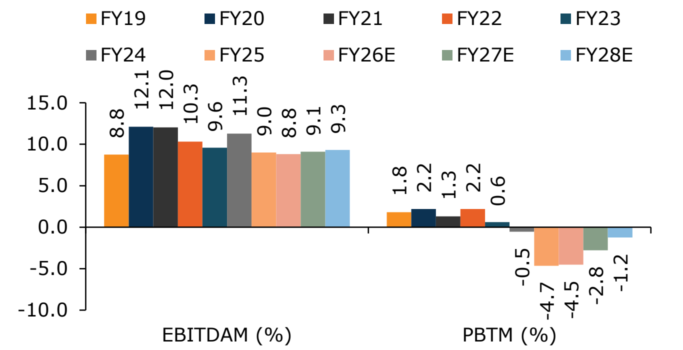
Region / entity	Entry route and & timeline	Key products	Key customers / markets	Strategic role
Spain – Sandhar Technologies Barcelona	FY08 acquisition of **TECFISA**, Spain – aluminium die-casting and mold design.	Medium-weight **aluminum pressure die-cast parts** for **vehicle restraint systems and wiper systems** – **aluminum spindles, reel axles, seat-belt retractor components**.	Tier-1s like **Bosch and Autoliv**, along with other global auto component majors; exports to **European OEM programs** (including Tesla Model 3 wiper system via a Tier-1 supplier).	Core overseas hub; houses engineering, tooling, and high-volume die-casting; parent of Mexico and Poland subsidiaries.
Mexico – Sandhar Technologies de Mexico	Step-down subsidiary of ST Barcelona; set up to serve the **NAFTA** OEM/Tier-1 base.	Aluminium die-cast safety parts (restraint/wiper related), similar to the Barcelona product family.	Serves global Tier-1s supplying to US OEMs; gives a **localized NAFTA footprint**.	Diversifies customer and geographic risk; allows STL to follow key customers into NAFTA.
Poland – Sandhar Technologies Poland	Step-down subsidiary of ST Barcelona targeting Eastern/Central Europe.	Aluminium die-cast safety/structural components associated with restraint and wiper systems.	Supplies European Tier-1/OEM programs from a **cost-competitive Eastern Europe base**.	Supports OEM localization in the EU; complements the Spain plant, helps de-risk single-location exposure.
Romania – greenfield die-casting plant	New greenfield facility under ST Barcelona; commissioned recently to support European programs.	Planned capacity of 16 die-casting machines; currently 5 installed. Focus on aluminium components for wiper and seat-belt systems.	Targeted at European OEM/Tier-1 customers shifting capacity to Eastern Europe.	Intended as the next leg of growth; currently the **main drag** due to start-up losses and delayed ramp-up.

Source: Company, Emkay Research

[A] Overseas business recovery underway

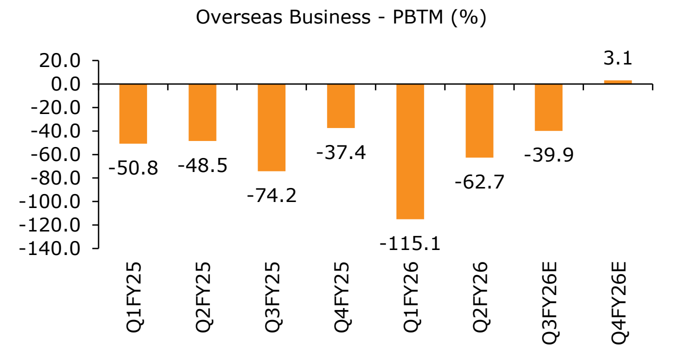
- STL's overseas franchise was built based on the FY08 acquisition of TECFISA in Spain, which was engaged in aluminum die-casting of small parts and mold design. This business was folded into Sandhar Technologies Barcelona SL (ST Barcelona), which in turn houses wholly-owned, step-down subsidiaries in Mexico and Poland.
- STL's overseas business—primarily in Spain and Romania—has been one of the largest drags on consolidated profitability post-IPO, despite a sound strategic rationale.
- The management has repeatedly acknowledged that while the underlying overseas franchise delivers ~11–13% EBITDAM, the Romania start-up has materially diluted reported margins.
- STL disclosed that ~Rs5.3bn of capital employed sits in overseas operations, and that Romania was originally planned for 16 machines, of which only 5 have been installed, signaling both underutilization and the deliberate shift toward disciplined capital allocation.
- However, the management has laid out a clear and credible turnaround playbook. First, the company has committed to no aggressive new capex overseas; utilization will determine future additions. Second, Romania has stabilized operationally by Q3FY25, with the management being "very bullish on next year," expecting FY26 profitability improvements and explicitly guiding that FY25's losses will not repeat. Third, STL intends to replicate the same margin-improvement model used in India – tighter cost control, product-mix upgrades, and capex discipline, to gradually restore overseas EBIT levels.
- STL has delivered a >13.5% EBITDA margin historically, and the management expects it to return to this range, which is its explicit objective, as macro headwinds subside.

Exhibit 67: Overseas operations to see gradual improvement in margins…



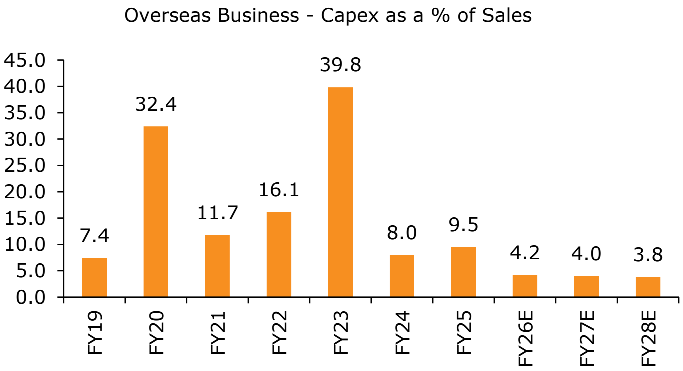
Source: Company, Emkay Research

Exhibit 68: …amid controlled capex and debt profile



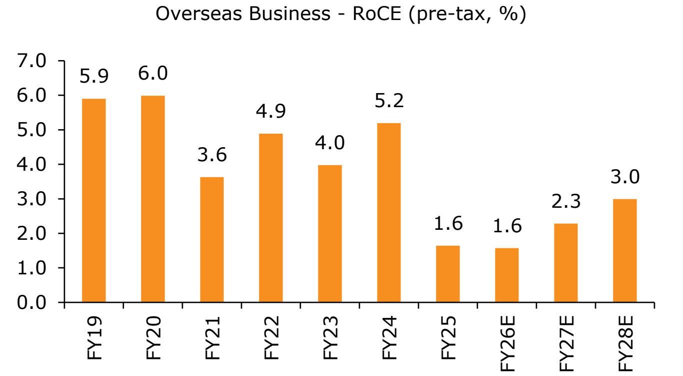
Source: Company, Emkay Research

Exhibit 69: With bulk of the investment now behind, capex intensity to moderate going ahead…



Source: Company, Emkay Research

Exhibit 70: …which would improve RoCE from current levels

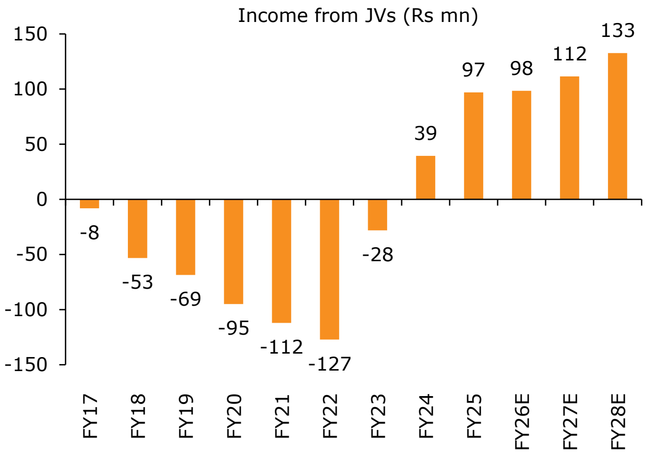


Source: Company, Emkay Research

[B] JV drag behind, following the exit from loss-making units

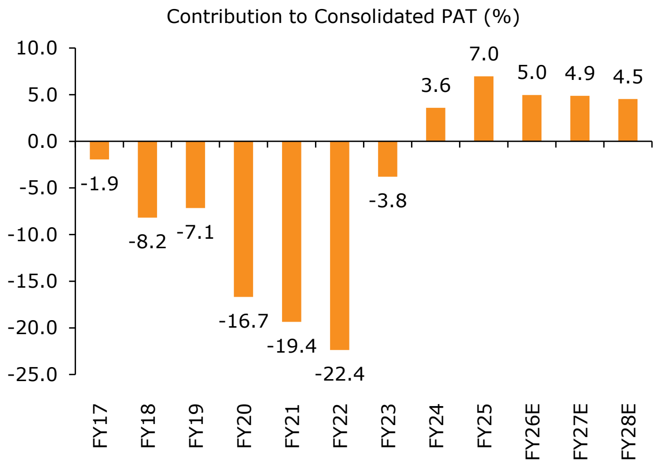
- **Technology Import and Localization Engine:** STL's five active JVs (Amkin, Han Sung, Whetron, Winnercom, Han Shin) are purpose-built to bring **new tech in India**—ADAS sensors, RF antennas, high-speed data cables, precision press parts, and branded safety gear. The management has explicitly stated that JVs help introduce "**new levels of technology**" into Indian OEM programs.
- **Shift from Commodity Metal Parts to Electronics and Safety Systems:** The JV cluster accelerates STL's move from low-margin mechanical parts into **higher-ASP, higher-IP categories**—cameras, AVN/switch assemblies, shark-fin antennas, high-speed cables, and BIS-certified helmets. This directly supports the company's premiumization strategy and raises content per vehicle.
- **Risk-Sharing Model for New/High-Tech Categories:** Instead of investing alone, STL partners with global specialists (Taiwan/Korea/Indian consumer brands) to share product development, validation, and market-entry risk. This reduces capex intensity and shortens time-to-market in rapidly evolving technologies like ADAS and connected-car electronics.
- **Evidence of Turnaround and Profitability:** All retained JVs are now **PAT-positive** and scaling up – eg Amkin (~13.6% EBITDA in FY25), Han Sung (~10% EBITDA), Whetron (~19.2% EBITDA). Collectively, JVs delivered **~Rs97mn PAT in FY25 (~7% of consol PAT)**, marking a shift from the loss-making phase of FY19-22 to a meaningful, accretive contributor.
- **Strategic Completeness Across the "Electronics and Safety Stack"**: Whetron (sensors/cameras) + Winnercom (antennas/RF) + Han Shin (data cables) + Han Sung (precision assemblies) + Amkin (helmets) create an ecosystem that positions STL as a **system supplier**, not just a component vendor deepening its OEM stickiness and expanding wallet share across 2W and PV platforms.

Exhibit 71: JVs have started contributing positively to the bottomline since FY24…



Source: Company, Emkay Research

Exhibit 72: …with further improvement expected in FY26E-28E



Source: Company, Emkay Research

Exhibit 73: Sandhar has undertaken multiple strategic JVs over the past couple of years for driving innovation

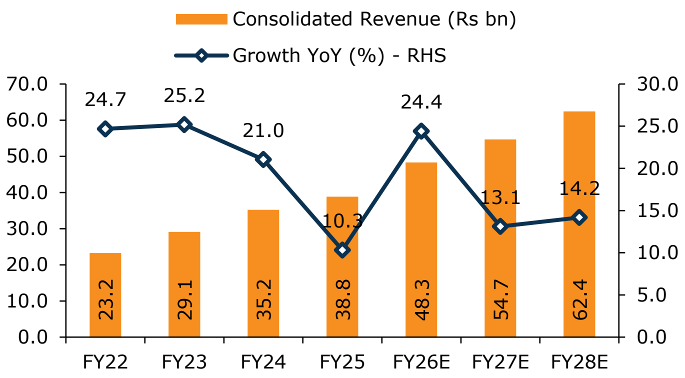
JV name	Products / Capabilities	Strategic rationale behind the JV	Management commentary / Signals
1) Sandhar Amkin Industries Pvt (Helmets and Rider Safety)	• 2W helmets and riding gear (Mavox brand) • Head/hand/foot/body protection • Accessories	• BIS regulation tailwind; move to organized helmets • Leverage Sandhar's dealer/OEM network for cross-sell • Expand into consumer aftermarket; higher margin • Amkin brings in branding/retail know-how	• Turned PAT-positive; FY25 EBITDA at ~13.6%, PAT at ~5.9% • Called it a "JV success" • The management sees it as scalable, not experimental
2). Sandhar Han Sung Technologies Pvt (Precision Press Parts, Insert Molding, Switch/AVN Assemblies)	• High-precision sheet metal and fine press parts • Insert-molded components • Switch assemblies, AVN modules	• Technology upgrade from basic stampings → mechatronics • Access to Korean OEM ecosystem; deeper PV penetration; Global export potential • Moved up the value chain into electronics-heavy modules	• EBITDA at 10% as of FY25; listed among the improved JVs • Actively exploring new tech • Positioned as an enabler for advanced switch/AVN localization
3) Sandhar Whetron Electronics Pvt (Sensors, Cameras, ADAS / Active Safety)	• Parking sensors (RPAS) • Cameras, DVR, BSD, AVM • Safety electronics for PVs	• Direct play on AIS-145 regulation (mandatory RPAS) • Leverage Whetron's global ADAS portfolio • Import substitution opportunity • Rise in sensor/camera content per vehicle	• Strong turnaround: FY25 EBITDA at ~19%, PAT at ~9.5% • Major step in active safety systems • High-margin electronics platform; strategic ADAS bet
4) Winnercom Sandhar Technologies Pvt (Antennas and RF Electronics)	• Shark-fin antennas • Micro-pole antennas • RF cable assemblies • Wiring harness for infotainment/telematics	• Connected-car growth: LTE, GPS, GNSS, e-call, OTA • Localization of RF parts that were import-heavy • Complementary to Whetron + Han Shin (cables) • STL becomes a system supplier for connected PVs	• PAT-positive JV; treated as long-term electronics play • Seen as part of the integrated electronics cluster
5) Sandhar Han Shin Auto Technologies Pvt (High-End Data and AV Cables)	• Radio/GPS/DAB/LTE/eCall cables • AVN/AVM cables • High-speed data cables (USB/LVDS/Ethernet) • Antenna lead wires	• Critical next layer for connected/ADAS stack • Import technology via partner instead of building from scratch • Enables bundling: sensors (Whetron) + antennas (Winnercom) + cables (Han Shin) • Positions STL as a full-solution electronics supplier	• AR shows sustained investments and guarantees • FY25 EBITDAM at 21.6% • Management: JVs bring "new levels of technology" as India adopts them • Still scaling up, but strategically crucial for an electronics pivot

Source: Company, Emkay Research

We build in revenue/EPS CAGR of 14%/22% over FY26E-28E

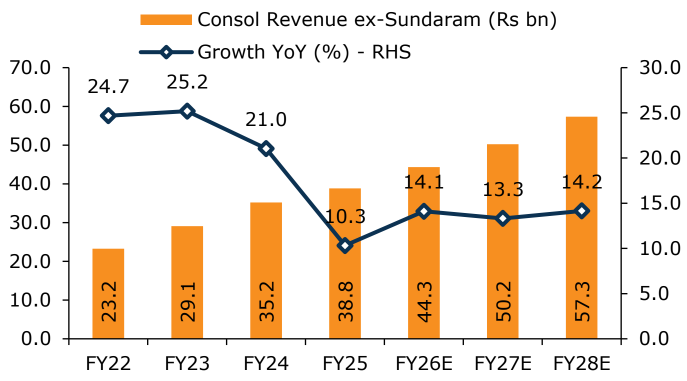
- STL operates across six key product segments—sheet metals (19% of FY25 revenue), aluminum die-casting (ADC) – (31% post Sundaram Die casting acquisition vs 25% in FY25), locksets (20%), mirrors/vision systems (6%), wheel assemblies (11%) and cabins/fabrication (14%)—giving it a uniquely diversified mid-cap auto-ancillary footprint.
- STL's financial profile is positioned for a material improvement over FY26E–28E as the company transitions from of a heavy-capex, low-utilization phase and into an operating-leverage-led earnings cycle. Consolidated revenue is expected to clock ~14% CAGR over FY26E-28E, driven primarily by two engines:
  - Aluminium Die-Casting (ADC)—now ~31% of revenue post the Sundaram Clayton acquisition—with domestic ADC ramping faster than overseas, and
  - Sheet Metal—which saw ~27% CAGR over FY22–25 due to the four TVS-linked plants and is now entering stabilized utilization.
- In its recent Q2 call, the management has reaffirmed that STL's long capex cycle ends by Mar-26, with only 3 main projects (SCL integration, Pune ADC, and Pune cabins) remaining, after which steady term-loan repayments, growth-linked working-capital usage, and the absence of new expansion projects, thus positioning the company to enter a clear deleveraging and operating-leverage phase from FY26 onward.
- On profitability, EBITDA CAGR is estimated at ~20% over FY26E–28E, aided by a clear set of margin triggers:
  - Sundaram Clayton ADC business improving from ~4–5% margins today to ~8-10% by FY27/28E,
  - Overseas EBITDA losses halving in FY26 and expected to approach breakeven,
  - Smart-lock volumes scaling with HMSI/Suzuki, which carry ~12–14% margin potential,
  - Operating leverage across sheet metal and ADC plants, where utilization is meaningfully below potential.
- This margin uplift flows through to the bottom line, with PAT CAGR expected at ~22% over FY26E–28E, aided by:
  - improving profitability of the five JVs (now all PAT-positive and contributing ~5% of consolidated PAT),
  - a moderating interest burden as net debt starts reducing, and
  - efficiency gains from consolidation of loss-making business units.
- STL's return ratios are on a clear upward pathway. RoCE, which had been stuck in a single digit range (~7–8%) during FY21–23 due to peak capex and is now expected to climb toward ~16% by FY28E. The improvement is primarily driven by:
  - moderating capex intensity as annual spends stabilize at Rs2.5–3bn,
  - capex-to-sales easing to ~4–5% vs ~9% at peak years, and
  - rising asset utilization in ADC and sheet metal.
- On cash flows, STL is transitioning from a negative FCF profile (FCF yield at −7% in FY22) to structurally positive free cash flows from FY26E onward, moving toward ~6% FCF yield by FY28E, aided by margin improvement, lower working-capital drag, and declining capex intensity.

Exhibit 74: We build in 14% revenue CAGR over FY26E-28E



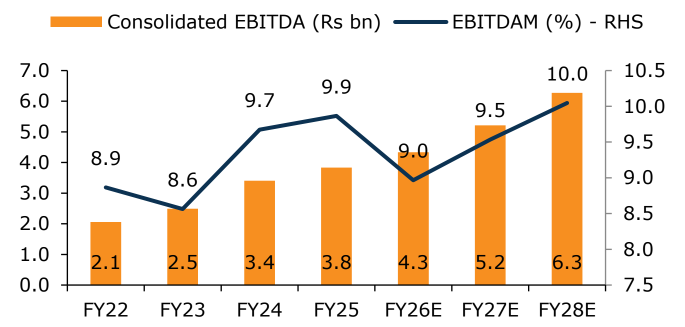
Source: Company, Emkay Research

Exhibit 75: Ex-Sundaram, revenue CAGR stands at similar levels



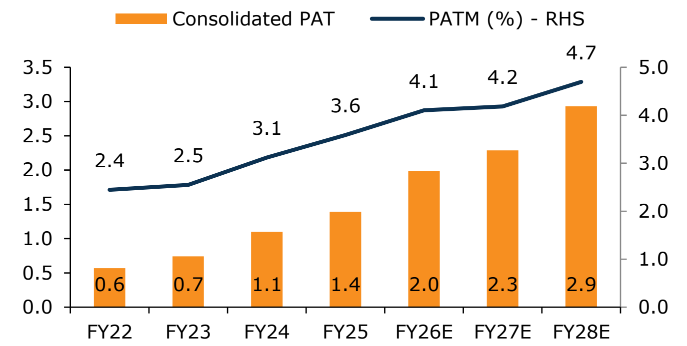
Source: Company, Emkay Research

Exhibit 76: We build in 18% EBITDA CAGR with 9.0-10% margin over FY26E-28E…



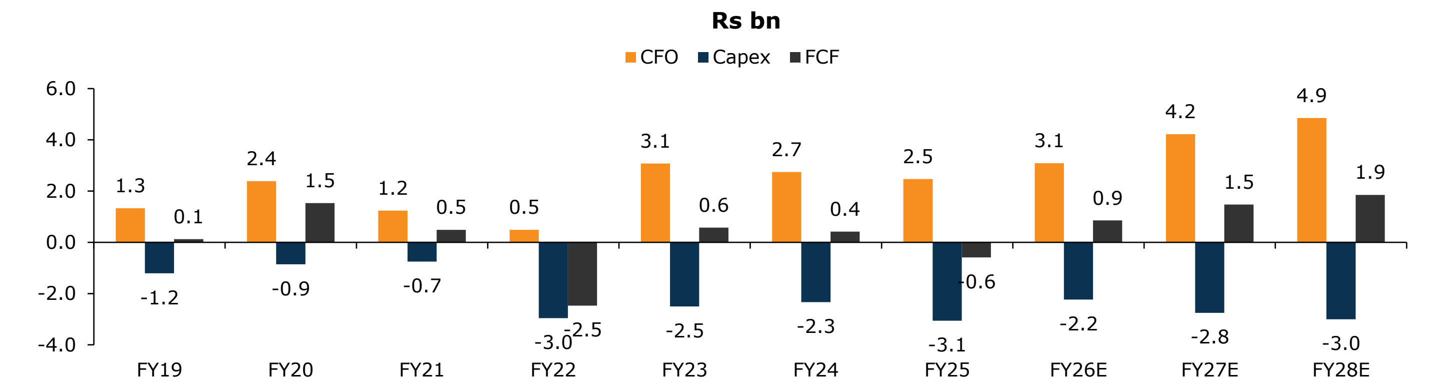
Source: Company, Emkay Research

Exhibit 77: …with 22% PAT CAGR over FY26E-28E



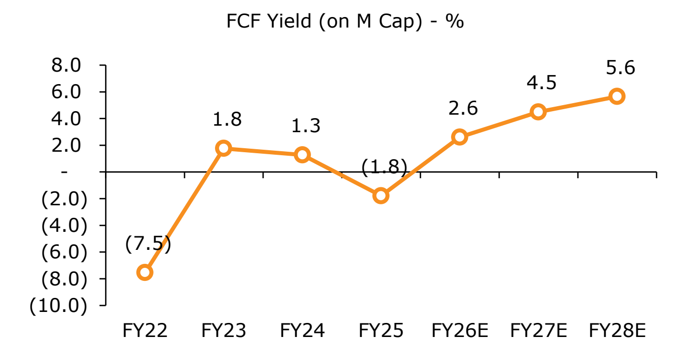
Source: Company, Emkay Research

Exhibit 78: With moderation in capex intensity, we expect FCF to improve over FY26E-28E…



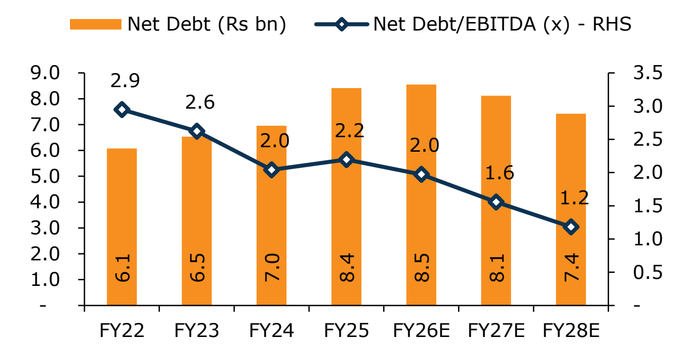
Source: Company, Emkay Research

Exhibit 79: ...with FCF Yield (on M Cap) to reach ~6% levels by FY28E



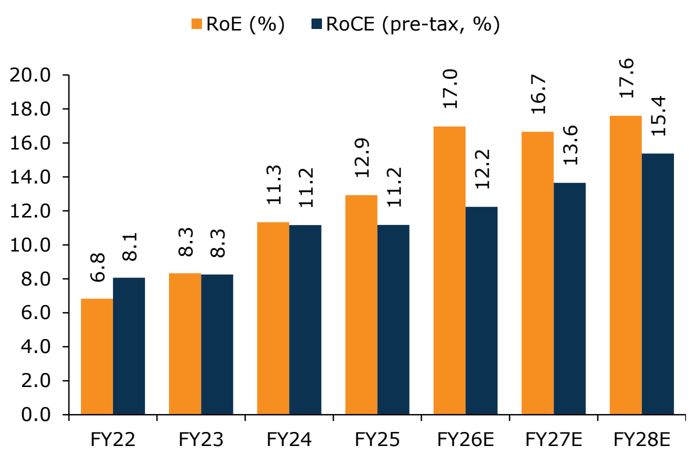
Source: Company, Emkay Research

Exhibit 80: Net debt-to-EBITDA would soften to ~1.2x by FY28E (2.9x/2.2x in FY22/25)...



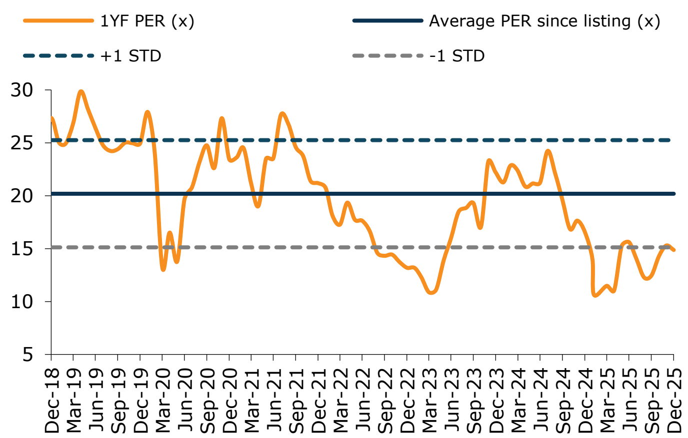
Source: Company, Emkay Research

Exhibit 81: ...which should in turn lead to better return ratios



Source: Company, Emkay Research

Exhibit 82: Sandhar trades at 15x 1YF PER near its -1SD



Source: Company, Bloomberg, Emkay Research

Exhibit 83: Peer comparison - Sandhar trades at a steep 54% discount to peers despite a healthy 22% FY26E-28E EPS CAGR and improving return ratio profile

Particulars	Revenue (Rs mn)			Revenue CAGR	EPS CAGR	PER (x)			EV/EBITDA (x)			ROE (%)		
	FY26E	FY27E	FY28E	FY26E-28E	FY26E-28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Craftsman Automation	79,219	90,308	101,197	13%	37%	43.2	29.7	23.1	13.7	11.2	9.7	12.8	16.1	17.5
Bharat Forge	155,829	184,683	206,906	15%	21%	64.9	51.2	44.2	25.2	21.1	18.7	10.9	12.9	13.9
Shriram Pistons	44,401	61,849	70,639	26%	23%	24.3	19.4	16.1	12.9	11.1	9.6	22.3	21.6	21.0
Uno Minda	201,428	242,102	296,046	21%	31%	57.0	42.5	33.0	29.8	23.9	19.1	19.9	22.3	23.9
Minda Corp	59,012	69,316	82,233	18%	34%	44.0	32.6	24.4	22.6	18.5	15.1	13.3	15.0	16.5
Pricol	38,888	44,237	50,267	14%	20%	31.5	25.4	21.8	16.7	13.8	11.8	20.9	21.0	19.9
Endurance Technologies	139,674	159,196	180,897	14%	22%	40.4	32.1	27.0	19.3	16.0	13.5	15.8	17.2	18.0
Happy Forgings	15,348	17,849	21,211	18%	17%	34.0	29.4	24.7	19.9	16.6	13.7	14.0	14.3	15.2
Sandhar Technologies	**48,325**	**54,668**	**62,420**	**14%**	**22%**	**16.5**	**14.3**	**11.2**	**9.5**	**7.8**	**6.4**	**16.2**	**16.3**	**18.1**

Source: Company, Bloomberg, Emkay Research

Exhibit 84: Revenue Model Snapshot – We build in 14%/20%/22% revenue/EBITDA/PAT CAGR over FY26E-28E

Particulars (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	**35,211**	**38,845**	**48,325**	**54,668**	**62,420**
YoY Growth (%)	*21.0*	*10.3*	*24.4*	*13.1*	*14.2*
EBITDA	3,406	3,833	4,333	5,213	6,271
YoY Growth (%)	*36.7*	*12.5*	*13.1*	*20.3*	*20.3*
EBITDA Margin (%)	***9.7***	***9.9***	***9.0***	***9.5***	***10.0***
EBIT	1,870	2,127	2,487	3,049	3,902
YoY Growth (%)	*46.6*	*13.7*	*17.0*	*22.6*	*28.0*
EBIT Margin (%)	*5.3*	*5.5*	*5.1*	*5.6*	*6.3*
PAT	1,098	1,393	1,983	2,287	2,931
PAT Margin (%)	***3.1***	***3.6***	***4.1***	***4.2***	***4.7***
EPS (Rs)	**18.2**	**23.1**	**32.9**	**38.0**	**48.7**
EPS Growth YoY (%)	*48.2*	*26.9*	*42.3*	*15.3*	*28.1*

Source: Company, Emkay Research

Exhibit 85: Revenue Model with key ratios…

Consolidated (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY22-25 CAGR	FY26-28E CAGR
Locking Systems	**4,508**	**5,585**	**6,901**	**7,614**	**8,756**	**10,069**	**11,579**	**19%**	**15%**
Growth YoY (%)	*15.2*	*23.9*	*23.6*	*10.3*	*15.0*	*15.0*	*15.0*		
Vision Systems	**1,836**	**2,211**	**2,218**	**2,175**	**2,349**	**2,584**	**2,894**	**6%**	**11%**
Growth YoY (%)	*23.1*	*20.4*	*0.3*	*-1.9*	*8.0*	*10.0*	*12.0*		
Aluminium Die Casting	**5,437**	**6,981**	**8,979**	**9,672**	**15,418**	**17,762**	**20,738**	**21%**	**16%**
Growth YoY (%)	*38.9*	*28.4*	*28.6*	*7.7*	*59.4*	*15.2*	*16.8*		
-- Domestic	***2,138***	***3,054***	***4,084***	***5,128***	***6,666***	***8,332***	***10,415***	*34%*	*25%*
Growth YoY (%)		*42.9*	*33.7*	*25.5*	*30.0*	*25.0*	*25.0*		
-- Overseas	***3,300***	***3,927***	***4,894***	***4,545***	***4,752***	***4,989***	***5,239***	*11%*	*5%*
Growth YoY (%)		*19.0*	*24.6*	*-7.1*	*4.6*	*5.0*	*5.0*		
-- Sundaram Clayton					***4,000***	***4,440***	***5,084***		*13%*
Growth YoY (%)						*11.0*	*14.5*		
Sheet Metal Components	**2,858**	**3,636**	**5,528**	**7,381**	**8,414**	**9,760**	**11,419**	**37%**	**16%**
Growth YoY (%)	*27.8*	*27.2*	*52.0*	*33.5*	*14.0*	*16.0*	*17.0*		
Cabins & Fabrication	**3,532**	**4,334**	**5,141**	**5,283**	**5,706**	**6,276**	**6,998**	**14%**	**11%**
Growth YoY (%)	*26.3*	*22.7*	*18.6*	*2.8*	*8.0*	*10.0*	*11.5*		
Assemblies	**1,905**	**2,356**	**3,732**	**4,234**	**4,700**	**4,935**	**5,182**	**30%**	**5%**
Growth YoY (%)	*2.2*	*23.7*	*58.4*	*13.4*	*11.0*	*5.0*	*5.0*		
Others (After Market)	**3,160**	**3,985**	**2,711**	**2,486**	**2,983**	**3,282**	**3,610**	**-8%**	**10%**
Growth YoY (%)	*30.4*	*26.1*	*-32.0*	*-8.3*	*20.0*	*10.0*	*10.0*		
Revenue Mix (%)									
Locking Systems	***19.4***	***19.2***	***19.6***	***19.6***	***18.1***	***18.4***	***18.6***		
Vision Systems	***7.9***	***7.6***	***6.3***	***5.6***	***4.9***	***4.7***	***4.6***		
Aluminium Die Casting	***23.4***	***24.0***	***25.5***	***24.9***	***31.9***	***32.5***	***33.2***		
-- Domestic	*9.2*	*10.5*	*11.6*	*13.2*	*13.8*	*15.2*	*16.7*		
-- Overseas	*14.2*	*13.5*	*13.9*	*11.7*	*9.8*	*9.1*	*8.4*		
-- Sundaram					*8.3*	*8.1*	*8.1*		
Sheet Metal Components	***12.3***	***12.5***	***15.7***	***19.0***	***17.4***	***17.9***	***18.3***		
Cabins and Fabrication	***15.2***	***14.9***	***14.6***	***13.6***	***11.8***	***11.5***	***11.2***		
Assemblies	***8.2***	***8.1***	***10.6***	***10.9***	***9.7***	***9.0***	***8.3***		
Others	***13.6***	***13.7***	***7.7***	***6.4***	***6.2***	***6.0***	***5.8***		
Total Consolidated Revenue	**23,237**	**29,089**	**35,211**	**38,845**	**48,325**	**54,668**	**62,420**	**19%**	**14%**
Growth YoY (%)	*24.7*	*25.2*	*21.0*	*10.3*	*24.4*	*13.1*	*14.2*		

Source: Company, Emkay Research

Exhibit 86: ...(*contd*)...Revenue Model with key ratios...

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY22-25 CAGR	FY26E-28E CAGR
Gross Profit	**9,079**	**10,820**	**13,722**	**15,001**	**17,938**	**20,346**	**23,232**	**18%**	**14%**
Gross Margin (%)	*39.1*	*37.2*	*39.0*	*38.6*	*37.1*	*37.2*	*37.2*		
Employee Costs	**3,184**	**3,846**	**4,816**	**5,293**	**6,054**	**6,793**	**7,694**	**18%**	**13%**
Growth YoY (%)	*14.6*	*20.8*	*25.2*	*9.9*	*14.4*	*12.2*	*13.3*		
as a % of sales	*13.7*	*13.2*	*13.7*	*13.6*	*12.5*	*12.4*	*12.3*		
Other expenses	**3,835**	**4,483**	**5,500**	**5,876**	**7,551**	**8,341**	**9,267**	**15%**	**11%**
Growth YoY (%)	*25.6*	*16.9*	*22.7*	*6.8*	*28.5*	*10.5*	*11.1*		
as a % of sales	*16.5*	*15.4*	*15.6*	*15.1*	*15.6*	*15.3*	*14.8*		

Segmental EBITDA	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**	**FY22-25 CAGR**	**FY26E-28E CAGR**
Locking Systems					**1,051**	**1,218**	**1,413**		
Margin (%)					*12*	*12.1*	*12.2*		
Vision Systems					**235**	**258**	**289**		
Margin (%)					*10.0*	*10.0*	*10.0*		
Aluminium Die casting					**1,265**	**1,643**	**2,037**		
Margin (%)					*8.2*	*9.2*	*9.8*		
-- Domestic					*667*	*833*	*1,042*		
Margin (%)					*10.0*	*10.0*	*10.0*		
-- Overseas					*418*	*454*	*487*		
Margin (%)					*8.8*	*9.1*	*9.3*		
-- Sundaram					*180*	*355*	*508*		
Margin (%)					*4.5*	*8.0*	*10.0*		
Sheet Metal Components					**757**	**917**	**1,142**		
Margin (%)					*9.0*	*9.4*	*10.0*		
Cabins and Fabrication					**428**	**502**	**630**		
Margin (%)					*7.5*	*8.0*	*9.0*		
Assemblies					**329**	**345**	**363**		
Margin (%)					*7.0*	*7.0*	*7.0*		
Others (After Market)					**268**	**328**	**397**		
Margin (%)					*9.0*	*10.0*	*11.0*		
EBITDA	**2,060**	**2,491**	**3,406**	**3,833**	**4,333**	**5,213**	**6,271**	**23%**	**20%**
Growth YoY (%)	*9.3*	*20.9*	*36.7*	*12.5*	*13.1*	*20.3*	*20.3*		
EBITDA Margin (%)	***8.9***	***8.6***	***9.7***	***9.9***	***9.0***	***9.5***	***10.0***		
Depreciation	1,000	1,215	1,536	1,706	1,846	2,163	2,369		
% of Gross Block	*6.5*	*21.5*	*26.4*	*11.1*	*8.2*	*17.2*	*9.5*		
EBIT	**1,060**	**1,276**	**1,870**	**2,127**	**2,487**	**3,049**	**3,902**	**26%**	**25%**
EBIT Margin (%)	***4.6***	***4.4***	***5.3***	***5.5***	***5.1***	***5.6***	***6.3***		
Other income	70	125	108	165	693	499	455		
as a % of cash and bank	*105%*	*177%*	*30%*	*20%*	*201%*	*88%*	*48%*		
Interest	177	358	515	566	671	651	632		
as a % of Total interest	*3.8*	*5.6*	*7.3*	*6.8*	*7.4*	*7.4*	*7.4*		
PBT	**953**	**1,043**	**1,463**	**1,726**	**2,509**	**2,897**	**3,725**	**22%**	**22%**
Tax	255	268	399	429	624	721	927		
Tax Rate	*26.8*	*25.7*	*27.3*	*24.9*	*24.9*	*24.9*	*24.9*		
Minority Interest	-2.0	-5.9	-4.8	0.0	0.0	0.0	0.0		

Source: Company, Emkay Research

Exhibit 87: ...(*contd*)...Revenue Model with key ratios

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY22-25 CAGR	FY26E-28E CAGR
JV Income	**-127.2**	**-28.1**	**39.4**	**97.0**	**98.4**	**111.5**	**132.7**	**LTP**	**16%**
as a % of PAT	*-22.4*	*-3.8*	*3.6*	*7.0*	*5.0*	*4.9*	*4.5*		
Key JVs									
Sandhar Amkin Industries Pvt Ltd	**-45.6**	**10.5**	**15.1**	**28.0**	**30.5**	**33.7**	**40.7**		15%
as a % of PAT	*-8.0*	*1.4*	*1.4*	*2.0*	*1.5*	*1.5*	*1.4*		
Sandhar Han Sung Technologies Pvt Ltd	**-9.4**	**9.3**	**6.9**	**15.0**	**18.1**	**21.9**	**27.0**		22%
as a % of PAT	*-1.6*	*1.3*	*0.6*	*1.1*	*0.9*	*1.0*	*0.9*		
Sandhar Han Shin Auto Technologies Pvt Ltd	**-2.4**	**3.0**	**6.1**	**21.3**	**24.1**	**27.2**	**31.6**		14%
as a % of PAT	*-0.4*	*0.4*	*0.6*	*1.5*	*1.2*	*1.2*	*1.1*		
Winnercom Sandhar Technologies Pvt Ltd	**3.7**	**6.1**	**5.0**	**14.7**	**15.5**	**17.0**	**19.4**		12%
as a % of PAT	*0.6*	*0.8*	*0.5*	*1.1*	*0.8*	*0.7*	*0.7*		
Sandhar Whetron Electronics Pvt Ltd	**-8.0**	**-8.6**	**13.0**	**9.6**	**10.3**	**11.8**	**14.1**		17%
as a % of PAT	*-1.4*	*-1.2*	*1.2*	*0.7*	*0.5*	*0.5*	*0.5*		
Adj PAT	**568**	**741**	**1,098**	**1,393**	**1,983**	**2,287**	**2,931**	**35%**	**22%**
PAT Margin (%)	***2.4***	***2.5***	***3.1***	***3.6***	*4.1*	*4.2*	*4.7*		
EPS (Rs)	**9.4**	**12.3**	**18.2**	**23.1**	**32.9**	**38.0**	**48.7**	**35%**	**22%**
Growth YoY (%)	*-1.8*	*30.4*	*48.2*	*26.9*	*42.3*	*15.3*	*28.1*		
Particulars (Rs mn)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**		
Gross Debt	6,199	6,663	7,410	9,238	8,902	8,690	8,384		
Net Debt	6,074	6,531	6,954	8,415	8,548	8,114	7,421		
CFO	486	3,079	2,748	2,470	3,086	4,223	4,853		
Capex	-2,960	-2,502	-2,331	-3,056	-2,230	-2,750	-3,000		
FCF	-2,474	577	417	-586	856	1,473	1,853		
Dividend	61	136	151	211	317	389	528		
Key Ratios									
PER (x)	57.7	44.3	29.9	23.5	16.5	14.3	11.2		
EV/EBITDA (x)	18.9	15.8	11.7	10.8	9.5	7.8	6.4		
EV/Sales (x)	1.7	1.4	1.1	1.1	0.9	0.7	0.6		
Net Debt/Equity (x)	0.7	0.7	0.7	0.7	0.7	0.5	0.4		
Net Debt/EBITDA (x)	2.9	2.6	2.0	2.2	2.0	1.6	1.2		
Dividend Yield (%)	0.2	0.4	0.5	0.6	1.0	1.2	1.6		
Capex as % of Sales (%)	12.7	8.6	6.6	7.9	4.6	5.0	4.8		
FCF Yield - On Market Cap (%)	-7.5	1.8	1.3	-1.8	2.6	4.5	5.6		
FCF Yield - On sales (%)	-10.6	2.0	1.2	-1.5	1.8	2.7	3.0		
ROE (%)	6.8	8.3	11.3	12.9	16.2	16.3	18.1		
RoCE (pre-tax, %)	8.1	8.3	11.2	11.2	11.7	13.4	15.9		

Source: Company, Emkay Research

Key Risks

- **Customer Concentration Risk (High)**

TVS Motor + Hero MotoCorp together contribute **~50% of revenue**. Any slowdown, platform loss, or vendor consolidation by either OEM can materially impact growth and utilization across STL's several plants.

- **High Exposure to the 2W Segment**

Despite diversification efforts, **~69% of Q2 revenue** still comes from 2Ws—a structurally slower category vs PVs. Weak rural demand, EV disruption in 2W ICE, or muted export markets, can create sustained volume pressure.

- **Execution risk in SCL's (Sundaram Clayton) margin turnaround**

The investment thesis assumes SCL's margins rise from **~4–5% to ~8-10%** by FY27/28E. Delays in customer approvals, tonnage ramp-up, or integration challenges could defer EBITDA/RoCE improvement.

- **Overseas Subsidiaries – Profitability and the EU Macro**

Romania/Barcelona units have historically been loss-making. The management expects breakeven by FY26, although the weak EU macro, high labor/energy inflation, or lower export schedules pose meaningful risk to consolidated margins.

- **Working-Capital Intensity in Sheet Metal and Cabins**

Both businesses are inherently WC-heavy. Working capital days have already increased from **~31 days to 41** over two years. Further deterioration would constrain FCF generation and slow down deleveraging.

About the Company

- Sandhar Technologies (STL) has undergone a clear three-phase evolution over the past decade. In the past, the company front-loaded a heavy capex cycle (FY18–22), expanding aggressively across sheet metal, aluminium die casting, cabins, machining, and overseas facilities.
- While this significantly strengthened its manufacturing footprint and diversified its product portfolio beyond legacy locking systems, the timing coincided with an industry slowdown, commissioning delays, and challenges in the overseas business—resulting in subdued returns and muted investor confidence. In the present phase (FY23–25), STL has begun harvesting the early benefits of those investments.
- Newly commissioned plants have scaled meaningfully, utilization levels have improved, and a renewed management focus on operational efficiency, cost discipline, and debt reduction has driven steady improvements in profitability and cash flows.
- The domestic businesses—especially sheet metal, ADC, and cabins—have gained share with key OEMs, while restructuring efforts are gradually stabilizing the overseas operations.
- Looking ahead (FY26–28E), STL is poised to look structurally different: the period of peak capex is behind, capex is now broadly at maintenance levels, operating leverage is improving, and the company is positioned to monetize its earlier investments across high-value, powertrain-agnostic components.
- With a stronger balance sheet, rising content-per-vehicle, improving EV-linked offerings, and better visibility across domestic and global programs, STL is entering a more capital-light, cash-generative phase that supports both sustained earnings growth and a potential re-rating.

Exhibit 88: Key management Details

Management	Designation	Background
Jayant Davar	CMD and CEO	He holds a bachelor’s degree in mechanical engineering from Thapar Institute of Engineering & Technology (TIET)-Patiala and has been conferred with the distinguished Alumnus Award by his College. Jayant Davar is also an alumnus of Harvard Business School, Boston, and Springdales School. He has a rich experience of over four decades in the auto component sector and is actively involved with several professional bodies. As Founder, he has played a pivotal role in shaping the company's trajectory to success. His visionary leadership and strategic acumen have been instrumental in steering the organization toward achieving its goals and surpassing milestones.
Monica Davar	Non-Executive Non-Independent Director	She is a Non-Independent, Non-Executive Director of the company. Monica Davar was appointed as a Director in 1987. She completed her Pre-university studies in the Commerce stream. She has over 25 years of experience in the auto components sector.
Yashpal Jain	CFO and CS	His extensive professional background includes significant tenures in sectors such as oil and gas, and power transmission, where he gained deep industry insights. His experience across industries contributes to his diverse understanding of business operations.

Source: Company, Emkay Research

Exhibit 89: Sandhar operates across 43 manufacturing plants (India + Global)

Source: Company, Emkay Research

Exhibit 90: Sandhar operates across 3 overseas plants—in Poland, Spain, and Mexico

Source: Company, Emkay Research; Note: Black denotes collaborations

Sandhar Technologies: Consolidated Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	**35,211**	**38,845**	**48,325**	**54,668**	**62,420**
Revenue growth (%)	21.0	10.3	24.4	13.1	14.2
EBITDA	**3,406**	**3,833**	**4,333**	**5,213**	**6,271**
EBITDA growth (%)	36.7	12.5	13.1	20.3	20.3
Depreciation & Amortization	1,536	1,706	1,846	2,163	2,369
EBIT	**1,870**	**2,127**	**2,487**	**3,049**	**3,902**
EBIT growth (%)	46.6	13.7	17.0	22.6	28.0
Other operating income	-	-	-	-	-
Other income	108	165	693	499	455
Financial expense	515	566	671	651	632
PBT	**1,463**	**1,726**	**2,509**	**2,897**	**3,725**
Extraordinary items	0	23	0	0	0
Taxes	399	429	624	721	927
Minority interest	(5)	0	-	-	0
Income from JV/Associates	39	97	98	112	133
Reported PAT	**1,098**	**1,416**	**1,983**	**2,287**	**2,931**
PAT growth (%)	50.4	29.0	40.0	15.3	28.1
Adjusted PAT	**1,098**	**1,393**	**1,983**	**2,287**	**2,931**
Diluted EPS (Rs)	**18.2**	**23.1**	**32.9**	**38.0**	**48.7**
Diluted EPS growth (%)	48.2	26.9	42.3	15.3	28.1
DPS (Rs)	**2.5**	**3.5**	**5.3**	**6.5**	**8.8**
Dividend payout (%)	**13.7**	**14.9**	**16.0**	**17.0**	**18.0**
EBITDA margin (%)	9.7	9.9	9.0	9.5	10.0
EBIT margin (%)	5.3	5.5	5.1	5.6	6.3
Effective tax rate (%)	27.3	24.9	24.9	24.9	24.9
NOPLAT (pre-IndAS)	**1,359**	**1,597**	**1,868**	**2,290**	**2,931**
Shares outstanding (mn)	60	60	60	60	60

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	602	602	602	602	602
Reserves & Surplus	9,564	10,791	12,457	14,355	16,759
Net worth	**10,166**	**11,393**	**13,059**	**14,957**	**17,361**
Minority interests	0	0	0	0	0
Non-current liab. & prov.	(27)	(111)	(111)	(111)	(111)
Total debt	**7,410**	**9,238**	**8,902**	**8,690**	**8,384**
Total liabilities & equity	**18,041**	**21,237**	**22,743**	**24,546**	**26,786**
Net tangible fixed assets	11,459	11,675	12,007	12,493	13,023
Net intangible assets	492	495	495	495	495
Net ROU assets	-	-	-	-	-
Capital WIP	757	691	1,012	1,113	1,215
Goodwill	55	55	55	55	55
Investments [JV/Associates]	473	596	596	596	596
Cash & equivalents	**457**	**823**	**355**	**576**	**963**
Current assets (ex-cash)	8,927	10,958	13,561	15,415	17,687
Current Liab. & Prov.	6,122	6,547	8,145	9,214	10,521
NWC (ex-cash)	**2,805**	**4,410**	**5,415**	**6,201**	**7,166**
Total assets	**18,041**	**21,237**	**22,742**	**24,546**	**26,786**
Net debt	6,954	8,415	8,548	8,114	7,421
Capital employed	18,041	21,237	22,743	24,546	26,786
Invested capital	**16,170**	**17,841**	**19,179**	**20,450**	**21,945**
BVPS (Rs)	168.9	189.3	217.0	248.5	288.4
Net Debt/Equity (x)	0.7	0.7	0.7	0.5	0.4
Net Debt/EBITDA (x)	2.0	2.2	2.0	1.6	1.2
Interest coverage (x)	3.8	4.0	4.7	5.4	6.9
RoCE (%)	**11.8**	**12.0**	**14.9**	**15.6**	**17.6**

Source: Company, Emkay Research

Cash flows

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	1,502	1,846	2,608	3,008	3,858
Others (non-cash items)	(74)	(155)	0	0	0
Taxes paid	(369)	(508)	(624)	(721)	(927)
Change in NWC	(347)	(960)	(1,414)	(879)	(1,078)
Operating cash flow	**2,748**	**2,470**	**3,086**	**4,223**	**4,853**
Capital expenditure	(2,331)	(3,056)	(2,230)	(2,750)	(3,000)
Acquisition of business	(80)	115	0	0	0
Interest & dividend income	-	-	-	-	-
Investing cash flow	**(2,390)**	**(2,902)**	**(2,230)**	**(2,750)**	**(3,000)**
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	591	1,761	(335)	(212)	(306)
Payment of lease liabilities	-	-	-	-	-
Interest paid	(512)	(558)	(671)	(651)	(632)
Dividend paid (incl tax)	(151)	(196)	(317)	(389)	(528)
Others	-	-	-	-	-
Financing cash flow	**(71)**	**1,007**	**(1,324)**	**(1,252)**	**(1,466)**
Net chg in Cash	287	576	(468)	221	387
OCF	2,748	2,470	3,086	4,223	4,853
Adj. OCF (w/o NWC chg.)	3,095	3,430	4,500	5,102	5,932
FCFF	417	(586)	856	1,473	1,853
FCFE	(98)	(1,152)	185	822	1,221
OCF/EBITDA (%)	80.7	64.4	71.2	81.0	77.4
FCFE/PAT (%)	(8.9)	(81.3)	9.3	35.9	41.7
FCFF/NOPLAT (%)	**30.7**	**(36.7)**	**45.8**	**64.3**	**63.2**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	29.9	23.2	16.6	14.4	11.2
P/CE(x)	12.5	10.6	8.6	7.4	6.2
P/B (x)	3.2	2.9	2.5	2.2	1.9
EV/Sales (x)	1.1	1.0	0.8	0.7	0.6
EV/EBITDA (x)	11.7	10.4	9.2	7.6	6.3
EV/EBIT(x)	21.3	18.7	16.0	13.0	10.2
EV/IC (x)	2.5	2.2	2.1	1.9	1.8
FCFF yield (%)	1.0	(1.5)	2.2	3.7	4.7
FCFE yield (%)	(0.3)	(3.5)	0.6	2.5	3.7
Dividend yield (%)	0.5	0.6	1.0	1.2	1.6
DuPont-RoE split					
Net profit margin (%)	3.1	3.6	4.1	4.2	4.7
Total asset turnover (x)	2.1	2.0	2.2	2.3	2.4
Assets/Equity (x)	1.8	1.8	1.8	1.7	1.6
RoE (%)	**11.3**	**12.9**	**16.2**	**16.3**	**18.1**
DuPont-RoIC					
NOPLAT margin (%)	3.9	4.1	3.9	4.2	4.7
IC turnover (x)	2.3	2.3	2.6	2.8	2.9
RoIC (%)	**8.9**	**9.4**	**10.1**	**11.6**	**13.8**
Operating metrics					
Core NWC days	29.1	41.4	40.9	41.4	41.9
Total NWC days	**29.1**	**41.4**	**40.9**	**41.4**	**41.9**
Fixed asset turnover	1.9	1.8	2.1	2.1	2.2
Opex-to-revenue (%)	29.3	28.8	28.2	27.7	27.2

Source: Company, Emkay Research

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