

## Q4FY26 Auto Ancillaries Preview

## Demand momentum sustains, but cost pressure emerges

Q4FY26 is expected to sustain strong demand momentum across segments, driven by GST-led affordability and healthy retail traction, with 2Ws, CVs and tractors continuing double-digit growth trends. However, unlike Q3, the quarter sees the emergence of supply-side constraints, including logistics disruptions, gas shortages and rising input costs due to geopolitical tensions. While demand remains robust, PV dispatches and exports are increasingly supply-limited, and margin pressures are building with impending price hikes. Tractor demand remained strong on the back of favourable rural conditions. CV segment growth continued to remain healthy, supported by replacement demand and logistics activity.

*From our coverage of auto ancillaries, we are positive on FIEM Industries (2W dominant and attractive valuations) and SJS Enterprises (diversified and least affected by Middle East war) but advise accumulate on dips for Pricol (2w dominant) and Happy Forgings (diversified play). Remain watchful on Sundram Fasteners.*

- SJS Enterprises:** We expect SJS to post ~26% YoY revenue growth, with moderate sequential uptick driven by continued outperformance over underlying industry volumes supported by higher content-per-vehicle, premiumisation and ramp-up of new programs. We build in 28.7% EBITDA margin, reflecting slight normalization from Q3's peak but staying close to the company's structurally higher margin profile, as operating leverage and richer mix continue to offset input cost related inflation.
- Fiem Industries:** Fiem is set to deliver a strong ~18% yoy revenue growth, with EBITDA margins at 13.9%. PAT is expected to increase by 23% yoy. Fiem's limited exposure to the relatively underperforming Hero, coupled with (i) its strong revenue share from fast-growing OEMs such as TVS and Royal Enfield, and (ii) new models from Yamaha and TVS, is expected to augur well for the company's performance. We expect an outperformance of 3-5% on account of shift to LED lighting, now at 63% of lighting revenue from 40% in FY21. This growth trajectory is expected to continue, supported by a robust order book, which is completely LED-focused.
- ASK Automotive:** We have estimated the revenue to grow at 19% yoy, (+24% yoy on excluding wheels assembly business). While we expect the braking business revenues to grow slightly ahead of the industry on account of improved aftermarket performance, the aluminium lightweighting business is expected to clock growth of +31% on yoy basis. Margins are expected to moderate to ~12% on increase in aluminium price.
- Pricol:** We project consol. revenue to grow by 30% yoy, primarily driven by the consolidation impact of the SAFL acquisition. On a standalone basis, we estimate revenue growth of 20% yoy, led by premiumization, which will be a key factor contributing to outperformance relative to the underlying industry. Performance in the export and ACFMS segments is expected to remain subdued. For the Pricol Precision Products business, we are factoring in 5% qoq revenue growth to Rs2.45bn, mainly due to qoq growth in TVS production. Going forward, we expect premiumization within the 2W cluster segment to continue contributing ~6% incremental growth above the base industry.
- Happy Forgings (HFL):** We expect HFL to report ~15% YoY revenue growth, driven by improvement in domestic CV and tractor demand and incremental contribution from ramp-up of new orders. Export demand, however, remains weak, limiting upside. EBITDA margin is expected to sustain at ~30%, easing slightly from the Q3 peak to account for further hikes in RM cost and other input cost; however, improving product mix, high machining share (~88%), healthy margins on new order ramp-ups and favourable scrap economics should help sustain margins slightly above long-term averages.
- Sundram Fasteners (SFL):** We expect Sundram Fasteners to report ~7% YoY revenue growth, driven by continued domestic outperformance supported by strong recovery in LCVs and medium CVs, sustained PV momentum, higher share of business with existing OEMs, and incremental contribution from wind energy and aftermarket, partly offset by continued weakness in exports, particularly in North America, where truck demand and EV programs remain deferred with recovery expected only from 1QFY27. EBITDA margin is expected at ~15.5%, reflecting some impact from steel price hikes and higher opex particularly for exports.

**SJS Enterprises (Rating: BUY)**

CMP/TP (Rs)	1722/2190
Upside	27%

**Fiem Industries (Rating: BUY)**

CMP/TP (Rs)	2161/2770
Upside	28%

**ASK Automotive (Rating: BUY)**

CMP/TP (Rs)	441/590
Upside	34%

**Pricol (Rating: BUY)**

CMP/TP (Rs)	569/700
Upside	23%

**Happy Forgings (Rating: BUY)**

CMP/TP (Rs)	1281/1350
Upside	5%

**Sundram Fasteners (Rating: Accumulate)**

CMP/TP (Rs)	779/1035
Upside	33%

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Company	Market Cap (Rs mn)	CMP (Rs)	EPS (Rs)			P/E (x)			EV/EBITDA (x)		
			FY25A	FY26E	FY27E	FY25A	FY26E	FY27E	FY25A	FY26E	FY27E
SJS Enterprises	44,787	1,722	37.6	54.4	62.0	24.6	26.3	27.8	14.4	16.2	16.5
Fiem Industries	52,526	2,161	76.1	97.2	117.0	21.0	20.5	18.5	12.2	12.2	10.8
ASK Automotive	92,440	441	12.6	15.4	19.2	32.1	30.4	23.0	19.3	18.0	14.1
Pricol	63,427	569	13.7	20.1	24.2	34.7	25.8	23.5	18.6	13.9	12.9
Sundram Fasteners	2,00,940	779	25.7	28.3	32.4	46.8	33.8	24.0	27.5	20.0	14.2
Happy Forgings	94,525	1,281	28.4	30.6	35.2	28.3	32.8	36.4	18.8	21.3	22.1

Source: Company, MNCL Research Estimates

## Financials and Quarterly Estimates

### Exhibit 3: Consolidated Financials

Company	Revenue (Rs mn)			EBITDA (Rs mn)			PAT (Rs mn)			ROE (%)		
	FY25A	FY26E	FY27E	FY25A	FY26E	FY27E	FY25A	FY26E	FY27E	FY25A	FY26E	FY27E
SJS Enterprises	7,605	9,592	11,269	1,954	2,695	3,099	1,178	1,703	1,941	18.8%	22.1%	20.5%
Fiem Industries	24,222	28,055	32,736	3,207	3,976	4,708	2,004	2,559	3,080	20.9%	22.8%	23.1%
ASK Automotive	36,008	40,086	47,240	4,319	5,412	6,472	2,476	3,038	3,782	26.6%	25.4%	24.6%
Pricol	26,919	39,780	45,687	3,129	4,616	5,369	1,670	2,454	2,951	17.9%	21.8%	21.3%
Sundram Fasteners	59,554	63,055	70,212	9441	10204	11454	5391	5937	6813	14.1%	14.0%	14.5%
Happy Forgings	14,089	15,169	18,535	4,067	4,538	5,640	2,674	2,881	3,314	14.5%	13.7%	13.9%

Source: Company, MNCL Research

### Exhibit 4: Quarterly Estimates

#### SJS Enterprises

Particulars	4QFY26E	4QFY25	yoy %	3QFY26	qoq %
Revenues (Rs mn)	2,526	2,005	26%	2,435	4%
EBITDA (Rs mn)	725	510	42%	714	2%
PAT (Rs mn)	450	334	35%	446	1%
EBITDA margin (%)	28.7	25.4	326 bps	29.3	(61) bps
PAT margin (%)	17.8	16.7	116 bps	18.3	(49) bps

#### Fiem Industries

Particulars	4QFY26E	4QFY25	YoY (%)	3QFY26	QoQ (%)
Revenues (Rs mn)	7,524	6,394	18%	6,901	9%
EBITDA (Rs mn)	1,043	854	22%	1,022	2%
PAT (Rs mn)	678	551	23%	679	0%
EBITDA margin (%)	13.9	13.4	51 bps	14.8	(96) bps
PAT margin (%)	9.01	8.62	39 bps	9.84	(84) bps

#### ASK Automotive

Particulars	4QFY26E	4QFY25	YoY (%)	3QFY26	QoQ (%)
Revenues (Rs mn)	10,077	8,497	19%	10,842	-7%
EBITDA (Rs mn)	1,179	1,038	14%	1,409	-16%
PAT (Rs mn)	627	576	9%	799	-22%
EBITDA margin (%)	11.7	12.2	(52)bps	13.0	(130)bps
PAT margin (%)	6.2	6.8	(56)bps	7.4	(115)bps

Source: Company, MNCL Research estimates

<b>Pricol</b>					
<b>Particulars</b>	<b>4QFY26E</b>	<b>4QFY25</b>	<b>YoY (%)</b>	<b>3QFY26</b>	<b>QoQ (%)</b>
Revenues (Rs mn)	9,992	7,694	30%	10,394	-4%
EBITDA (Rs mn)	1,144	801	43%	1,214	-6%
PAT (Rs mn)	595	349	70%	637	-7%
EBITDA margin (%)	11.5	10.4	105 bps	11.7	(23)bps
PAT margin (%)	6.0	4.5	141 bps	6.1	(17)bps

<b>Happy Forgings</b>					
<b>Particulars</b>	<b>4QFY26E</b>	<b>4QFY25</b>	<b>YoY (%)</b>	<b>3QFY26</b>	<b>QoQ (%)</b>
Revenues (Rs mn)	4,048	3,520	15%	3,913	3%
EBITDA (Rs mn)	1,223	1,023	20%	1,204	2%
PAT (Rs mn)	792	676	17%	789	0%
EBITDA margin (%)	30.2	29.1	116 bps	30.8	(56) bps
PAT margin (%)	19.6	19.2	35 bps	20.2	(61) bps

<b>Sundram Fasteners</b>					
<b>Particulars</b>	<b>4QFY26E</b>	<b>4QFY25</b>	<b>YoY (%)</b>	<b>3QFY26</b>	<b>QoQ (%)</b>
Revenues (Rs mn)	16,377	15,306	7%	15,411	6%
EBITDA (Rs mn)	2,532	2,247	13%	2,403	5%
PAT (Rs mn)	1,527	1,244	23%	1,437	6%
EBITDA margin (%)	15.5	14.7	78 bps	15.6	(13)bps
PAT margin (%)	9.3	8.1	119 bps	9.3	(0)bps

Source: Company, MNCL Research estimates

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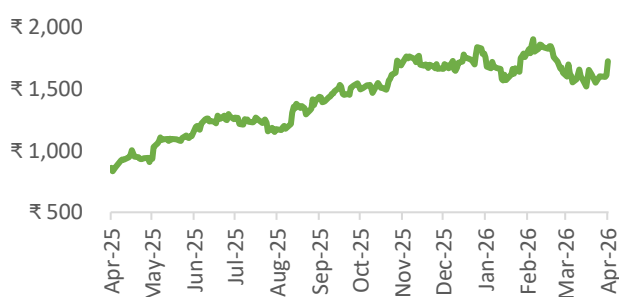
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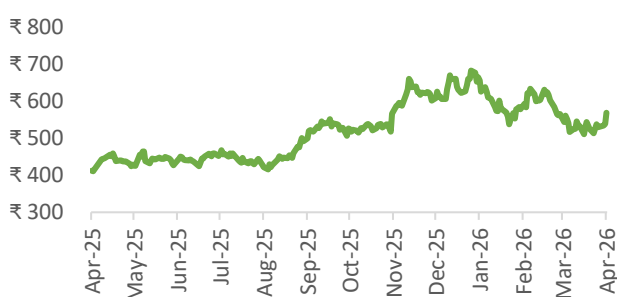
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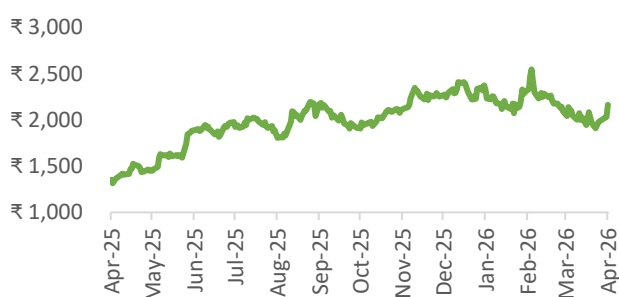
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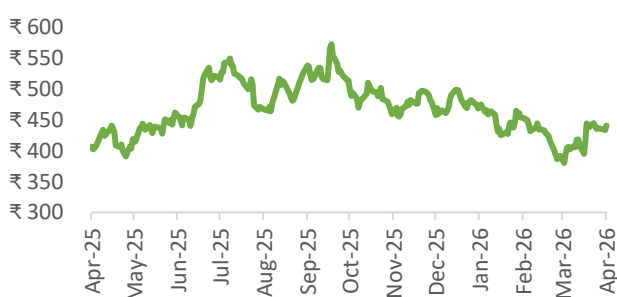
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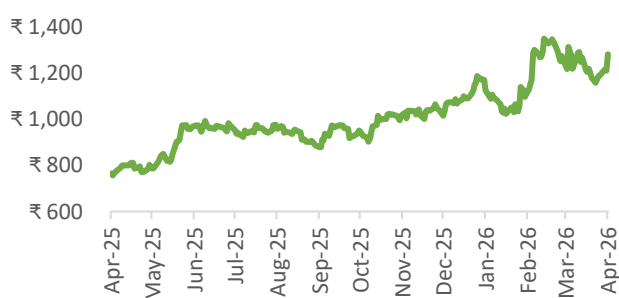
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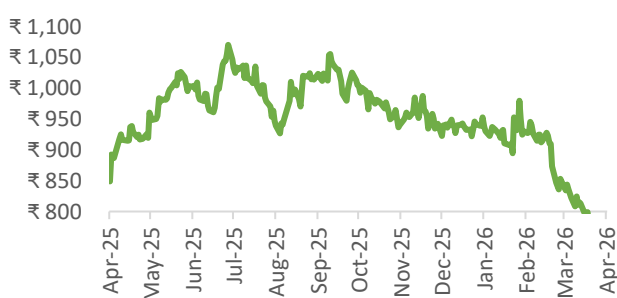
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