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Q4FY26 Result Update
01st June 2026

Sandhar Technologies Ltd

Integrated Mobility Play Driving Strong Growth with Improving Margins

CMP: INR 675

Rating: Buy

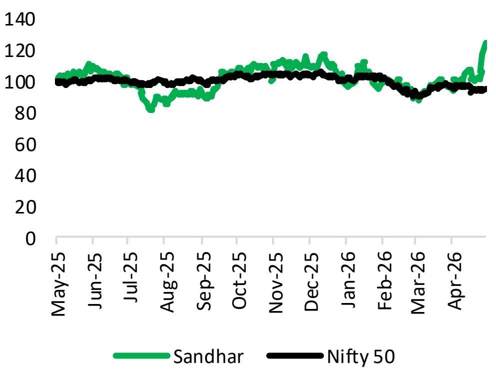
Target Price: INR 844

Stock Info	
BSE	541163
NSE	SANDHAR
Bloomberg	SANDHAR: IN
Sector	Auto Components & Equipments
Face Value (INR)	10
Equity Capital (INR Cr)	60
Mkt Cap (INR Cr)	4,249
52w H/L (INR)	734/405
Avg Yearly Vol (in 000')	248

Shareholding Pattern % (As on Mar, 2026)	
Promoters	70.38
DIIs	17.39
FIIs	0.77
Others	11.47

Stock Performance (%)	1m	3m	12m
Sandhar Technologies	27.86	28.07	23.68
Nifty	-2.70	-7.75	-5.13

Sandhar Vs Nifty 50



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Sandhar Technologies Ltd reported its Q4FY26 numbers, with revenue at INR 13,070 Mn (up by 28.88% YoY and 10.33% QoQ), above our estimate of INR 12,476 Mn. EBITDA stood at INR 1,290 Mn (up by 24.25% YoY and 19.26% QoQ) due to reduction in SG&A expenses, above our estimate of INR 1,249 Mn. EBITDA margin contracted by 37 bps YoY and expanded by 74 bps QoQ to 9.87%, slightly below our estimate of 10.01%. PAT stood at INR 638 Mn (up by 49.78% YoY and by 90.82% QoQ), above our estimate of INR 451 Mn. PAT margin expanded by 68 bps YoY and 206 bps QoQ to 4.88% against our estimates of 3.61%.

Investment Rationale

Diversified growth engines driving strong revenue visibility: The company continues to witness strong traction in 2-wheelers, while newer opportunities in passenger vehicles, construction equipment and premium casting applications are scaling up simultaneously. The aluminium platform acquired from Sundaram Clayton has materially strengthened company's positioning in integrated casting solutions, enabling the company to offer high-pressure, low pressure, zinc and magnesium casting under one umbrella. This widens wallet share opportunities with OEMs that are increasingly looking to consolidate suppliers. Also company's aspiration to 2x revenues every 3–4 years indicates confidence in both demand visibility and execution capability.

Margin expansion likely as new projects mature: The company exited FY26 with consolidated EBITDA margins of ~11% despite multiple new businesses being in incubation stage. Several projects, including aluminium die-casting and fabrication units, are expected to turn profitable from FY27 onward, which should improve operating leverage. Mature businesses are already delivering healthy double-digit margins and strong return ratios, creating room for further earnings expansion.

Improving asset turns and ROCE support earnings quality: Recent investments across new businesses are beginning to scale meaningfully, with management indicating that projects funded through ~INR 340 Cr capex could potentially generate ~INR 700–750 Cr revenue in FY27. As utilization improves and loss-making units stabilize, asset turns and ROCE are expected to strengthen further, supporting better free cash flow generation and balance sheet quality.

Outlook and Valuation

The company is entering FY27 with strong business momentum across its core automotive segments, supported by healthy demand from both two-wheeler and passenger vehicle OEMs. Management has guided for 15–16%+ revenue growth in FY27, even before factoring in commodity-led price revisions. Growth is expected to be driven by aluminium casting, sheet metal, proprietary products and fabrication businesses, while the recently acquired and newly commissioned projects are gradually moving toward operational maturity. The company also expects multiple loss-making units to turn profitable over the next few quarters, which should aid margin expansion and improve overall return ratios. In the overseas business, profitability has already improved to break-even levels during Q4FY26, and expects a gradual recovery as commodity price pass-through mechanisms normalize. Further, Sandhar continues to strengthen its position in integrated casting solutions through capabilities across aluminium, zinc and magnesium casting along with machining operations, which enhances its relevance with large OEMs looking to consolidate suppliers. While near-term challenges such as commodity volatility, manpower availability and global macro uncertainties may persist, we remains positive about sustaining strong growth momentum aided by healthy customer demand, improving utilization levels and rising operational efficiencies. **We expect Sandhar's revenue, EBITDA, and PAT to grow at a CAGR of 19.4%, 23.8%, and 37.3%, respectively, over FY27-29E and arrive at a Target Price of INR 844 per share through DCF method. Accordingly, we maintain a "Buy" rating on the stock.**

Exhibit 1 : Financial Performance

Year-end March							
(INR Cr)	Net Sales	EBITDA	PAT	EPS (INR)	EBITDA Margin (%)	EV/EBITDA	P/E (x)
FY25	3,885	383	142	24	9.9	11.3	28.7
FY26	4,852	438	199	33	9.0	10.1	20.5
FY27E	5,669	528	249	41	9.3	7.5	16.3
FY28E	6,711	646	345	57	9.6	5.8	11.8
FY29E	8,084	810	470	78	10.0	4.1	8.7

Source: Arihant Research, Company Filings

Exhibit 2 : Q4FY26 - Quarterly Performance (Consolidated)

Consolidated (INR Cr)	Q4FY26	Q3FY26	Q4FY25	QoQ%	YoY%
Net Sales	1306.99	1184.64	1014.08	10.33	28.88
Cost of material consumed	833.76	757.37	615.01	10.09	35.57
Changes in inventories	1.26	-23.51	16.19	Na	NA
COGS	835.02	733.86	631.20	13.78	32.29
GP	471.97	450.78	382.89	4.70	23.26
Employees benefits expense	154.03	156.84	130.39	-1.79	18.13
Other expenditure	188.95	185.79	148.69	1.70	27.08
EBITDA	128.98	108.15	103.81	19.26	24.25
Depreciation	50.04	49.42	43.92	1.25	13.92
EBIT	78.94	58.72	59.88	34.43	31.82
Other Income	15.86	2.78	5.31	471.29	198.70
Finance costs	17.66	16.52	14.64	6.96	20.64
PBT	77.14	44.99	50.55	71.48	52.60
Tax	15.19	11.29	12.94	34.48	17.35
Adjusted PAT	61.95	33.69	37.61	83.88	64.72
Non-controling interests	1.87	-0.25	5.00	-863.04	137.40
Reported PAT	63.82	33.45	42.61	90.82	49.78
EPS	10.64	5.57	7.08	90.82	50.24

Margins	Q4FY26	Q3FY26	Q4FY25	YoY (bps)	QoQ (bps)
Gross margins	36.11	38.05	37.76	-165	-194
EBITDA	9.87	9.13	10.24	-37	74
Adjusted PAT	4.88	2.82	4.20	68	206
Tax Rate	19.69	25.10	25.60	-591	-542
Cost Analysis					
RM/Net Sales	63.89	61.95	62.24	165	194
Other Exp/Net Sales	14.46	15.68	14.66	-21	-123
Staff cost/Net sales	11.79	13.24	12.86	-107	-145

Source: Arihant Research, Company Filings

Sandhar Technologies Ltd Q4FY26 Concall KTAs

New Projects and Capex

- Invested ~INR 342 Cr across new businesses including aluminium casting, sheet metal and acquired operations; generated revenue of ~INR 468 Cr in FY26; expects these projects to scale to nearly 2–2.5x asset turnover, implying potential revenue generation of ~INR 740–750 Cr in FY27.
- Key turnaround timelines include:

i. Khed City aluminium die-casting project expected to become EBT positive from Q2FY27.
ii. Pune/Sanaswadi fabrication and cabin business expected to turnaround by end-Q2FY27.
iii. Sundaram Clayton acquired aluminium business expected to turnaround from Q3FY27.
iv. EV business and Romania operations expected to reach profitability in FY28.

- FY27 capex guidance at ~5–7% of revenue (~INR 275–310 Cr), including growth capex, maintenance capex and facility modernization.
- Majority of CWIP is expected to be capitalized by end-Q2FY27 as key projects commence commercial production.

Aluminium Casting

- Fully integrated aluminium casting player after acquisition of Sundaram Clayton's aluminium business and earlier acquisition of TVS machining operations; now offers high-pressure die-casting, low-pressure die-casting, machining and large casting capabilities including engine blocks.

EV Business

- EV business generated revenue of ~INR 20 Cr in FY26 and expects revenues to 2x in FY27.
- During FY26, company sold ~41,000 battery chargers and ~5,500 motor control units.
- Despite scale-up, EV operations are expected to remain loss-making in FY27 due to ongoing investments in product development and market expansion.
- The company expects EV business profitability turnaround in FY28 as operating leverage improves and product portfolio scales.

Smart Locks and Electronics

- Continues to scale steadily with production reaching ~5,000 locksets per month and monthly volumes increasing consistently.
- Company is actively working on telematics and advanced electronic technologies through technology-transfer arrangements and royalty-based collaborations instead of traditional JVs.
- Customer discussions and prototype presentations are already underway, with development programs expected to commence in FY27 and commercialization likely thereafter.
- Strategy remains focused on leveraging existing manufacturing infrastructure to minimize incremental capital intensity and improve ROCE.

Overseas Operations

- Subsidiaries reported annual EBT loss of EUR 2.56 Mn (~INR 26 Cr) in FY26; however, Q4FY26 achieved EBITDA margin of 14.6% and reached EBT break-even.
- Europe operations continue to face headwinds from energy inflation, commodity volatility and longer pricing reset cycles.
- Romania operations are expected to achieve profitability in FY28 following operational restructuring and cost optimization measures.

Other Highlights

- Industry growth in PV stood at 12.7% versus Sandhar's 28% growth, while in two-wheelers industry growth was 12.9% against Sandhar's 35.1% growth.
- Industry faced temporary supply disruptions in April due to labour shortages, gas availability and aluminium supply issues, leading to estimated production loss of ~200,000–300,000 vehicles across OEMs.
- Situation improved in May and expects normalization by end-Q1FY27.
- Rising manpower costs and state-level minimum wage revisions remain key industry concerns, alongside volatility in commodities and utilities.
- Consolidated net debt stood at INR 897 Cr while gross debt stood at INR 948 Cr at FY26-end. Of total debt, working capital borrowings constituted ~INR 564 Cr, largely linked to business scale and receivable cycles.
- Scheduled term loan repayments for FY27 stand at ~INR 103 Cr.
- debt-equity ratio remains comfortable relative to industry peers.
- Consolidated receivable cycle currently stands at ~44–45 days, while inventory days remain elevated due to overseas operations carrying higher inventory requirements.

DCF Valuation

Valuation Assumptions	
g (World Economic Growth)	5%
Rf	7%
Rm	13%
Beta (2 Yr)	1.1
CMP (INR)	675

Valuation Data	
Total Debt (long term borrowings) (2026)	474
Cash & Cash Equivalents (2026)	51
Number of Diluted Shares (2026)	6
Tax Rate (2026)	25%
Interest Expense Rate (2026)	9%
MV of Equity	4,063
Total Debt	474
Total Capital	**4,537**

WACC	
We	89.5%
Wd	10.5%
Ke	13.4%
Kd	6.8%
WACC	**12.673%**

FCFF & Target Price

FCFF & Target Price	Explicit Forecast Period						Linear Decline Phase					Terminal Yr
Year	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**	**2037**	**2038**
EBIT * (1-Tax Rate)	227	301	410	540	687	852	1,030	1,212	1,388	1,545	1,672	1,755
Dep	226	244	264	392	470	601	716	849	969	1,081	1,168	1,227
Purchase of Assets	312	322	348	517	620	793	944	1,120	1,278	1,425	1,540	1,618
Changes in Working Capital	60	82	88	132	158	202	240	285	325	363	392	412
FCFF	201	141	238	283	379	458	561	656	754	838	907	952
% Growth in Post Tax EBIT		32.8%	36.1%	31.7%	27.2%	24.0%	20.9%	17.7%	14.5%	11.3%	8.2%	5.0%
As % of Post Tax EBIT												
Dep	99.7%	81.0%	64.3%	72.7%	68.5%	70.6%	69.5%	70.1%	69.8%	69.9%	69.9%	69.9%
Purchase of Assets	137.5%	106.9%	84.8%	95.9%	90.3%	93.1%	91.7%	92.4%	92.1%	92.2%	92.1%	92.2%
Changes in Working Capital	26.6%	27.3%	21.5%	24.4%	23.0%	23.7%	23.3%	23.5%	23.4%	23.5%	23.5%	23.5%
FCFF	201	141	238	283	379	458	561	656	754	838	907	952
Terminal Value												12,406
Total Cash Flow	**201**	**141**	**238**	**283**	**379**	**458**	**561**	**656**	**754**	**838**	**907**	**13,358**

Enterprise Value (EV)	**5,506**
Less: Debt	**474**
Add: Cash	**51**
Equity Value	**5,083**
Equity Value per share (INR)	**844**
% Returns	**25.1%**
Rating	**BUY**

WACC (%)	Terminal Growth (%)								
844	4.00%	4.25%	4.50%	4.75%	5.00%	5.25%	5.50%	5.75%	6.00%
11.67%	895	921	949	978	1,010	1,044	1,081	1,120	1,164
11.92%	858	882	908	935	964	995	1,029	1,065	1,104
12.17%	824	846	869	894	921	950	980	1,013	1,049
12.42%	791	812	834	**857**	881	908	936	966	999
12.67%	761	780	800	822	**844**	869	895	922	952
12.92%	732	750	769	789	810	**832**	856	882	909
13.17%	705	722	739	758	777	798	820	844	869
13.42%	680	695	712	729	747	766	787	808	832
13.67%	656	670	685	701	718	736	755	775	797

Source: Company reports, Arihant Capital Research, Figures are in INR cr except share price and percentage data

Key Financials

Income statement (INR Cr)					
Year End-March	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Gross Sales	3,885	4,852	5,669	6,711	8,084
Net Sales	3,885	4,852	5,669	6,711	8,084
YoY (%)	10.3	24.9	16.8	18.4	20.5
Adjusted RMC	**2,384**	**3,059**	**3,569**	**4,218**	**5,064**
YoY (%)	11.0	28.3	16.6	18.2	20.1
Personnel/ Employee benefit expenses	529	614	712	837	1,000
YoY (%)	9.9	16.1	15.9	17.4	19.5
Manufacturing & Other Expenses	588	741	860	1,011	1,210
YoY (%)	6.8	26.1	16.1	17.6	19.7
Total Expenditure	**3,501**	**4,414**	**5,141**	**6,066**	**7,274**
YoY (%)	10.1	26.1	16.5	18.0	19.9
EBITDA	**383**	**438**	**528**	**646**	**810**
YoY (%)	12.5	14.2	20.7	22.2	25.5
EBITDA Margin (%)	9.9	9.0	9.3	9.6	10.0
Depreciation	171	193	226	244	264
% of Gross Block	7.6	7.8	8.5	8.5	8.5
EBIT	**213**	**244**	**302**	**402**	**547**
EBIT Margin (%)	5.5	5.0	5.3	6.0	6.8
Interest Expenses	57	69	58	45	45
Non-operating/ Other income	17	75	88	104	125
PBT	**173**	**251**	**332**	**460**	**626**
Tax-Total	43	57	83	115	157
Adj. Net Profit	**130**	**194**	**249**	**345**	**470**
Reported Profit	**142**	**199**	**249**	**345**	**470**
PAT Margin	3.6	4.1	4.4	5.1	5.8
Shares o/s/ paid up equity sh capital	6	6	6	6	6
Reported EPS	24	33	41	57	78
Dividend payment	21	24	30	36	42
Dividend payout (%)	14.9	12.1	12.1	10.5	9.0
Retained earnings	121	175	219	309	428

Balance sheet					
Year-end March	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Sources of Funds					
Equity Share Capital	60	60	60	60	60
Reserves & Surplus/ Other Equity	1,079	1,273	1,492	1,801	2,229
Networth	**1,139**	**1,333**	**1,552**	**1,861**	**2,289**
Unsecured Loans/ Borrowings/ Lease Liabilities	399	471	500	347	193
Total Debt	**403**	**474**	**503**	**350**	**196**
Total Funds Employed	**2,778**	**3,162**	**3,881**	**4,295**	**4,886**
Application of Funds					
Gross block	2,246	2,471	2,668	2,882	3,112
Less: depreciation	899	1,092	1,318	1,562	1,826
Net Fixed Assets	**1,347**	**1,370**	**1,350**	**1,319**	**1,286**
Capital WIP	65	100	105	111	116
Investments/ Notes/ Fair value measurement	61	67	77	87	97
Current assets	**1,306**	**1,625**	**2,349**	**2,778**	**3,386**
Inventory	409	560	636	751	888
Days	63	67	65	65	64
Debtors	557	823	963	1,140	1,351
Days	52	62	62	62	61
Other Current Assets	258	191	229	275	330
Bank	0	0	3	3	3
Cash	81	51	518	609	814
Current Liabilities/Provisions	**1,224**	**1,650**	**1,843**	**2,099**	**2,414**
Creditors / Trade Payables	531	782	890	1,052	1,263
Days	81	93	91	91	91
Liabilities	674	847	931	1,024	1,127
Days	102	73	73	73	73
Provisions	19	21	22	24	25
Net Core Working Capital	436	601	709	840	976
Days	34	35	36	36	34
Deferred Tax Asset	12	17	17	17	17
Total Asset	**2,778**	**3,162**	**3,881**	**4,295**	**4,886**
Total Capital Employed	**1,554**	**1,529**	**2,054**	**2,212**	**2,488**

Cash Flow Statement					
Year End-March	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Profit before tax	**173**	**251**	**332**	**460**	**626**
Adjustments: Add					
Depreciation and amortisation	171	193	226	244	264
Interest adjustment	57	69	58	45	45
Adjustments: Less					
Interest income on fixed income securities	0	0	0	0	0
Profit/(loss) on sale of investments, net	-1	-1	-1	-1	-1
Change in assets and liabilities	406	519	623	756	941
Inventories	-73	-150	-76	-116	-137
Trade receivables	-100	-266	-140	-177	-211
Trade payables	41	251	108	162	211
Other Liabilities and provisions	213	175	86	94	104
Other Assets	-133	67	-38	-46	-55
Net cash from operating activities	**310**	**534**	**479**	**559**	**697**
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-171	-260	-203	-219	-236
Net Sale/(Purchase) of investments	-2	-5	-9	-9	-9
Net cash (used) in investing activities	**-173**	**-265**	**-212**	**-228**	**-245**
Interest expense	-57	-69	-58	-45	-45
Dividend paid	-21	-24	-30	-36	-42
Net cash (used) in financing activities	**-114**	**-22**	**-60**	**-235**	**-241**
Closing Balance	**74**	**316**	**518**	**609**	**814**
FCF	**140**	**274**	**276**	**340**	**461**
Capex as % of sales	4.4	5.4	5.5	4.8	4.3

Key Ratios					
Year-end March	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Solvency Ratios					
Debt / Equity	0.4	0.4	0.3	0.2	0.1
Net Debt / Equity	0.2	0.3	-0.1	-0.2	-0.3
Debt / EBITDA	1.1	1.1	1.0	0.5	0.2
Current Ratio	1.1	1.0	1.3	1.3	1.4
DuPont Analysis					
Sales/Assets	2.5	2.7	2.8	3.0	3.3
Assets/Equity	2.4	2.4	2.5	2.3	2.1
RoE	11.4	14.5	16.1	18.5	20.5
Per share ratios					
Reported EPS	23.5	33.0	41.4	57.3	78.0
Dividend per share	3.5	4.0	5.0	6.0	7.0
BV per share	189.3	221.5	257.9	309.2	380.3
Cash per Share	51.5	88.7	79.6	92.8	115.7
Revenue per Share	645.4	806.1	941.9	1115.0	1343.1
Profitability ratios					
Net Profit Margin (PAT/Net sales)	3.3	4.0	4.4	5.1	5.8
Gross Profit / Net Sales	38.6	36.9	37.1	37.2	37.4
EBITDA / Net Sales	9.9	9.0	9.3	9.6	10.0
EBIT / Net Sales	5.5	5.0	5.3	6.0	6.8
PAT / Net Sales	3.6	4.1	4.4	5.1	5.8
ROCE (%)	13.7	16.0	14.7	18.2	22.0
Activity ratios					
Inventory Days	62.7	66.8	65.0	65.0	64.0
Debtor Days	52.4	61.9	62.0	62.0	61.0
Creditor Days	81.3	93.3	91.0	91.0	91.0
Leverage ratios					
Interest coverage	3.8	3.6	5.2	8.9	12.1
Debt / Asset	14.5	15.0	13.0	8.1	4.0
Valuation ratios					
EV / EBITDA	11.3	10.1	7.5	5.8	4.1
EV / EBIT	20.3	18.1	13.1	9.2	6.1
EV / Net Sales	1.1	0.9	0.7	0.6	0.4
PE(x)	28.7	20.5	16.3	11.8	8.7

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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