

## Q2FY26 Auto Ancillaries Preview

## Confluence of favorable policy and festive cheer



A confluence of festive-season (Q2) that bodes well for the auto & auto-ancillary industry and GOI push through GST 2.0 reforms, directed at accelerating consumption demand has had a bearing on the auto/auto-ancillary space, atleast from a price performance i.e. valuations, although the real transmission in terms of sales is yet to gather momentum. Implementation of GST 2.0 from Navratri i.e. 22nd Sept saw delayed deliveries as customers looked to encash on the GST cuts. 2W industry started on a strong note, driven by steady domestic dispatches and strong exports. PVs continues to ride on a strong note - M&M saw its SUV dominant market, Maruti reported strong offtake in the festive season. Tractor industry reported strong rebound which was supported by extended monsoon onset, improved sowing conditions, higher disposable income and GST benefits. CV volumes remained weak; however, we expect flat to low single digit growth in FY26E driven by the growth in the bus segment.

*From our coverage of auto ancillaries, we are positive on FIEM Industries (2W dominant), Pricol (partly diversified) and Happy Forgings (diversified) but advise accumulate on dips for ASK Automotive (2w dominant) and SJS Enterprises (diversified play). We remain positive on Landmark Cars, as the company is poised for a strong H2, driven by the ramp-up of recent dealership additions, improving operating leverage, and sustained demand momentum across premium and luxury segments. Remain watchful on Sundram Fasteners.*

- **SJS Enterprises:** We have factored in 18% yoy revenue growth for 2QFY26 at Rs2.27bn, primarily driven by (i) ramp up of supplies to Hero, (ii) commencement of export dispatches to Stellantis and Whirpool, (iii) continuing premiumization trend. We anticipate a strong quarter from the standalone business and SJS Decoplast, while Walter Pack India's performance is expected to remain subdued during the quarter. Margins are expected to improve by 50bps yoy to 26.4%. Effectively, PAT is expected to grow by 25.7% yoy.
- **Fiem Industries:** Fiem is set to deliver a strong 15% yoy revenue growth at Rs7.05bn in Q2FY26, with EBITDA margins at 13.5%. 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) stable performers like Honda and Suzuki, is expected to augur well for the company's performance. We expect an outperformance of approx. 7% on account of shift to LED lighting. The shift towards LED technology is progressing strongly for FIEM, with the share of LED lighting increasing from 40% of lighting revenue in FY21 to 64% in 1QFY26. This growth trajectory is expected to continue, supported by a robust order book, which is predominantly LED-focused.
- **ASK Automotive:** We have estimated the revenue to grow at 4% yoy at Rs101.2bn, (+13.2% 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 +15% on yoy basis. Margins are expected to remain steady at 13.4%. Effectively, we have built in PAT growth of 19.1% yoy at Rs801mn.
- **Pricol:** We project consol. revenue to grow by 45.3% yoy during 2QFY26, primarily driven by the consolidation impact of the SACL acquisition. On a standalone basis, we estimate revenue growth of 11.8% yoy, led by premiumization, which we believe 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 12% qoq revenue growth to Rs2.29bn. Going forward, we expect premiumization within the 2W cluster segment to continue contributing ~6% incremental growth above the base industry. Additionally, new customers and model launches could further accelerate this momentum.

**SJS Enterprises (Rating: BUY)**

CMP/TP (Rs)	1530/1494
Upside	2%

**Fiem Industries (Rating: BUY)**

CMP/TP (Rs)	1919/2110
Upside	10%

**ASK Automotive (Rating: Accumulate)**

CMP/TP (Rs)	496/550
Upside	11%

**Pricol (Rating: BUY)**

CMP/TP (Rs)	525/590
Upside	12%

**Happy Forgings (Rating: Accumulate)**

CMP/TP (Rs)	951/1030
Upside	8.3%

**Sundram Fasteners (Rating: HOLD)**

CMP/TP (Rs)	1005/1030
Upside	2.5%

**Landmark Cars (Rating: BUY)**

CMP/TP (Rs)	511/630
Upside	23%

**Mayur Uniquoters (Rating: BUY)**

CMP/TP (Rs)	569/785
Upside	38%

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- **Happy Forgings (HFL):** We expect a 7% yoy growth in revenues for HFL in 2QFY26 driven by pickup in domestic tractor production along with support from new orders like crankshaft for PV, SUV axle seat and steering knuckles to the US and strong traction in Industrial segment. The 25MW captive solar power plant commissioned in Jun'25 should further aid the already strong margins. No pickup in CV production and weak overall exports, will continue to restrict growth for HFL. However, we remain positive on the new product addition and diversification thesis at HFL and expect strong outperformance once the end user industries turn favourable. The heavy forging capex should provide inroads into new industries with strong margins.
- **Sundram Fasteners (SFL):** We expect the sluggish performance of SFL to continue for another quarter due to the weak demand in the underlying industries like CV and PV in both the domestic and export geographies. On the export front, SFL has large exposure on Class 8 truck in the US, which has seen lacklustre demand in 2QFY26. Some traction in non-auto segment i.e. tractor and wind energy are expected to keep the revenue afloat. The push back and slow ramp up of the American EV order due to the tariff led uncertainty is another reason for tepid growth in 2QFY26.
- **Landmark Cars:** We expect the company to deliver ~11% revenue growth, driven by new OEM additions and expansion into new locations. While near-term performance was impacted by the GST rate reduction, the strong festive season demand, with several key OEMs reporting record sales, has more than offset the initial pressure. Margins are expected to gradually improve as service revenue scales up, positioning the company for an exceptionally strong performance in H2FY26.

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	46,801	1494	37.6	44.6	51.7	24.6	33.5	28.9	14.4	19.7	16.4
Fiem Industries	50,508	1,919	76.1	92.0	102.2	21.0	20.9	18.8	12.2	12.5	10.8
ASK Automotive	97,783	496	12.6	16.2	19.4	32.1	30.6	25.6	19.3	18.9	15.7
Pricol	63,988	525	13.7	18.9	22.5	34.7	27.8	23.3	18.6	15.2	12.9
Sundram Fasteners	2,11,151	1005	25.7	28.1	32.4	46.8	35.7	31.0	27.5	21.0	18.3
Happy Forgings	89,624	951	28.4	28.4	31.2	28.3	33.5	30.5	18.8	21.1	18.2
Landmark Cars	24,703	596	4.3	18.1	29.1	118.8	33.0	20.5	9.1	7.1	5.9

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	8,978	10,387	1,954	2,334	2,701	1,178	1,396	1,620	18.8%	18.5%	18.0%
Fiem Industries	24,222	28,123	32,365	3,207	3,812	4,366	2,004	2,422	2,689	20.9%	21.7%	20.6%
ASK Automotive	36,008	40,086	47,240	4,319	5,412	6,472	2,476	3,196	3,822	26.6%	24.6%	22.8%
Pricol	26,919	38,077	42,871	3,129	4,224	4,899	1,670	2,304	2,742	17.9%	20.4%	19.8%
Sundram Fasteners	59,554	63,055	70,212	9441	10204	11454	5391	5908	6817	14.1%	14.0%	14.5%
Happy Forgings	14,089	15,169	17,441	4,067	4,333	5,058	2,674	2,676	2,939	14.5%	12.8%	12.6%
Landmark Cars	40,255	49,632	56,100	2,216	3,077	3,759	173	728	1,173	3.2%	12.6%	18.2%

Source: Company, MNCL Research

### Exhibit 4: Quarterly Estimates

#### SJS Enterprises

Particulars	2QFY26E	2QFY25	yoy %	1QFY26	qoq %
Revenues (Rs mn)	2,275	1,928	18%	2,097	9%
EBITDA (Rs mn)	601	500	20%	559	7%
PAT (Rs mn)	365	290	26%	346	5%
EBITDA margin (%)	26.4	25.9	49 bps	26.7	(27) bps
PAT margin (%)	16.0	15.0	98 bps	16.5	(46) bps

#### Fiem Industries

Particulars	2QFY26E	2QFY25	yoy %	1QFY26	qoq %
Revenues (Rs mn)	7,055	6,124	15%	6,589	7%
EBITDA (Rs mn)	952	807	18%	895	6%
PAT (Rs mn)	617	502	23%	575	7%
EBITDA margin (%)	13.5	13.2	31 bps	13.6	(9) bps
PAT margin (%)	8.74	8.19	55 bps	8.73	1 bps

#### ASK Automotive

Particulars	2QFY26E	2QFY25	yoy %	1QFY26	qoq %
Revenues (Rs mn)	10,128	9,739	4	8,913	14
EBITDA (Rs mn)	1,357	1,168	16	1,196	13
PAT (Rs mn)	801	673	19	661	21
EBITDA margin (%)	13.4	12.0	141 bps	13.4	(2)bps
PAT margin (%)	7.9	6.9	100 bps	7.4	50 bps

Source: Company, MNCL Research estimates



<b>Pricol</b>					
Particulars	2QFY26E	2QFY25	yoy %	1QFY26	qoq %
Revenues (Rs mn)	9,716	6,688	45%	8,953	9%
EBITDA (Rs mn)	1,065	772	38%	990	8%
PAT (Rs mn)	548	451	22%	499	10%
EBITDA margin (%)	11.0	11.5	(59)bps	11.1	(9)bps
PAT margin (%)	5.6	6.7	(110)bps	5.6	7 bps

<b>Happy Forgings</b>					
Particulars	2QFY26E	2QFY25	yoy %	1QFY26	qoq %
Revenues (Rs mn)	3,862	3,611	7%	3,538	9%
EBITDA (Rs mn)	1,105	1,054	5%	1,012	9%
PAT (Rs mn)	719	666	8%	657	9%
EBITDA margin (%)	28.6	29.2	(57) bps	28.6	2 bps
PAT margin (%)	18.6	18.4	18 bps	18.6	5 bps

<b>Sundram Fasteners</b>					
Particulars	2QFY26E	2QFY25	yoy %	1QFY26	qoq %
Revenues (Rs mn)	15,485	14,860	4%	15,334	1%
EBITDA (Rs mn)	2,514	2,446	3%	2,471	2%
PAT (Rs mn)	1,477	1,425	4%	1,484	0%
EBITDA margin (%)	16.2	16.5	(23)bps	16.1	12 bps
PAT margin (%)	9.5	9.6	(5)bps	9.7	(13)bps

<b>Landmark Cars Ltd</b>					
Particulars	2QFY26E	2QFY25	yoy %	1QFY26	qoq %
Revenues (Rs mn)	10,086	9,073	11.2%	10,617	-5.0%
EBITDA (Rs mn)	605	520	16.5%	610	-0.8%
PAT (Rs mn)	62	3	NA	74	-15.3%
EBITDA margin (%)	6.0%	5.7%	27bps	5.7%	25bps
PAT margin (%)	0.6%	0.0%	58bps	0.7%	-8bps'

Source: Company, MNCL Research estimates



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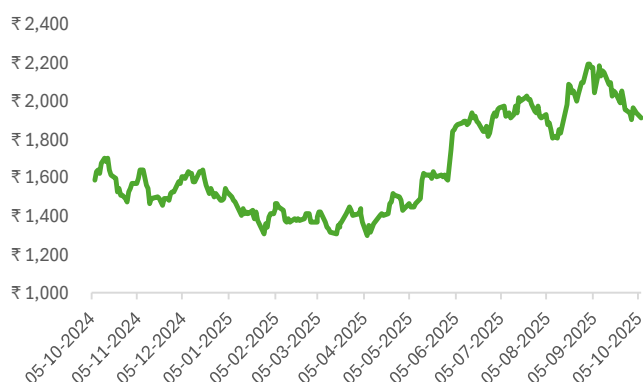
SJS Enterprises Share Price



Pricol Share Price



FIEM share price chart



ASK Automotive Share Price





Happy forgings share price chart



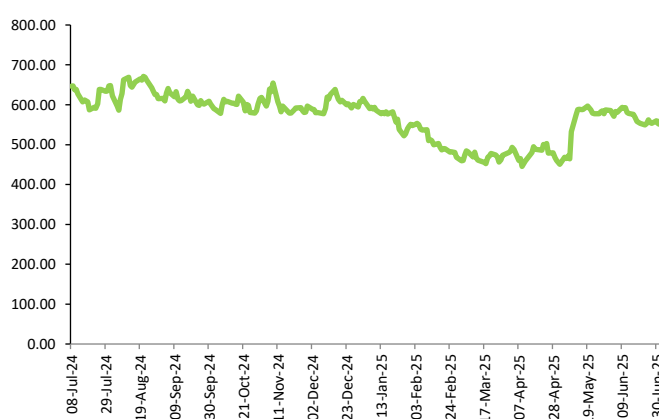
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