



Sundram Fasteners Limited

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National Stock Exchange of India Limited

Symbol - SUNDRMFAST

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Bandra (East), Mumbai - 400 051

By NEAPS

BSE Limited

Scrip Code - 500403

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Dalal Street,
Mumbai - 400 001

By Listing Centre

Dear Sir / Madam,

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-Transcript of Analysts/Investors Meet held on January 30, 2025

Further to our letters dated January 27, 2025, and January 28, 2025, on the subject, please find attached the transcript of the Analysts / Investors meet held on **January 30, 2025 (Thursday)** for your information and records.

The transcript is also available on the Company's website at <https://www.sundram.com/recentupdate.php>

Please take the above information on record.

Thanking you,

Yours truly,
For SUNDRAM FASTENERS LIMITED

G Anand Babu
Senior Manager – Finance & Company Secretary



Sundram Fasteners Limited

“Sundram Fasteners Limited Q3 FY '25 Earnings Conference Call”
January 30, 2025



Sundram Fasteners Limited

Avendus[^]
SPARK



MANAGEMENT: **MR. R DILIP KUMAR – CHIEF FINANCIAL OFFICER**
MR. S BHARATHAN – EXECUTIVE VICE PRESIDENT,
MARKETING
MR. R GANESH – VICE PRESIDENT FINANCE AND
PROJECTS

MODERATOR: **MR. MUKESH SARAF – AVENDUS SPARK**



- Moderator:** Ladies and gentlemen, good day and welcome to the Q3 FY '25 Earnings Conference Call of Sundram Fasteners, hosted by Avendus Spark.
- As a reminder, all participants' lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*", then "0" on your touch tone phone. Please note that this conference is being recorded.
- I now hand the conference over to Mr. Mukesh Saraf from Avendus Spark. Thank you. And over to you, Mr. Saraf.
- Mukesh Saraf:** Thank you, Michelle. Good morning. Mukesh Saraf here from Avendus Spark. Appreciate everybody logging in.
- From the management team I am pleased to host Mr. Dilip Kumar – CFO; Mr. S. Bharathan – EVP (Marketing); and Mr. R. Ganesh – VP (Finance & Projects).
- We will start with brief “Opening Remarks” from Mr. Dilip, and follow it up with Q&A. Over to you, Dilip sir.
- R Dilip Kumar:** Yes, good morning. And I welcome all the participants for a discussion on Sundram Fasteners Q3 results and the nine months’ period.
- Just by way of clarification, we did not have conference calls the last two occasions. It is not for any other reason, except that there were two investor conferences which coincided with the results. Since we were meeting all the analysts in those conferences, we did not have for any other reason. But we have taken the feedback, and we will hold these calls consistently or constantly, irrespective of the conferences.
- And just to get down to the numbers. We have had a quiet Q3. The domestic market industry has had a moderate performance, and we have had performance in line with that. And the silver lining for us has been the export segment, export has done reasonably well in the quarter, which has given us growth.
- And one of the things which had a surprise, in fact, was the exchange, which sharply moved in the month of December, the rupee had a weakness. Not only rupee weakened, but also European currencies weakened which were very strong in the previous quarter. And some of our receivables in euro and GBP were mark-to-market at much higher levels. So, they have to be reindexed.
- Also, the currency derivatives where we had taken some hedges again had to be done mark-to-market under the accounting standards. And all of that will get reversed, it's notional, it will get reversed in the subsequent quarter. So, that had an impact partly on the profits. The major elements, raw materials have been stable, and we have experienced about 2% to 3% drop in the procurement levels. When I say procurement levels, I mean the procurement rates. But this quarter the product mix had moved slightly against us and where either the realization of the parts was lower, or the RM content were higher. And that has had an impact on the material or the gross margin.
- And moving on the other major element was power cost. As you know, all state governments now every year revise the power costs, the fixed element and also the tariff. Also, all the power which you procure under the group captive scheme get revised because the open access charges are indexed to this tariff. So, these are sort of impact.
- And on revenues of Rs. 1,256 crores, total revenue, we have had a contribution of about 26% and EBITDA at 16.1% compared to nearly 17% for the nine months’ period. There are no surprise elements in the fixed cost. They have been consistent in line with the previous quarters.
- Our borrowings have moved up, this is because we have incurred capital expenditure of nearly Rs. 300 crores, and there has also been built up in the inventory and in anticipation of a stronger Q4, because these are based on customer schedules and forecasts. And as you know, Q3 is traditionally a weak quarter because especially for the exports, and we have experienced that. So, the inventory buildup and the receivables have pushed up the borrowings, which is reflecting in the slightly higher interest cost.
- And based on assessments on tax positions, we have had favorable tax assessments and the provision for taxation has been lower. So, we have finished the quarter at Rs. 120 crores compared to Rs. 116 crores for the corresponding quarter.



Now moving on to the nine months' period, we have registered revenues of Rs. 3,869 crores total revenue compared to Rs. 3,658 crores. And though it reflects about 6% growth, within this, the exports have moved sharply from Rs. 1,024 crores to Rs. 1,174 crores, registering a 15% growth. And we have grown in volume terms, in dollar terms, and rupee depreciation has also helped, but significantly we have grown in dollar terms.

And the EBITDA, as explained, has come in at 16.8% for the nine months' period. After adjusting for interest and depreciation, profit after tax is Rs. 382 crores, which is again a 10% growth compared to the corresponding nine months' period.

So, this is the story on the standalone performance.

On the consolidated performance, again, our domestic subsidiaries have done reasonably well. We have got a price increase and a lot of efficiencies, and operational efficiencies have improved the bottom line. And while UK subsidiary after the pent-up demand after the COVID got absorbed released into the system, the high interest rates and inflation and the ongoing Russian Ukraine conflict have impacted the market. And while the top line has come down, but we have been able to maintain, again, due to operational efficiencies, the profits.

And China continues to face challenges with the domestic economy, and we hear that Q4 was sort of better and the fundamental structural challenges remain in China. But one of the challenges which auto component manufacturers typically face is stiff competition and the continuous pricing pressure from customers which we have been able to weather this quarter. And again, thanks to tight cost control, we have been able to maintain profits.

And just on the numbers, for the quarter we have registered Rs. 1,444 crores with profit after tax of Rs. 130 crores. The corresponding nine months number is Rs. 4,445 crores and profit after tax is at Rs. 417 crores.

And with these now I will throw the floor open for questions. And I must say that we are reasonably optimistic about the performance of the coming quarters. And all the hard work I am sure will pay off. We have the inventory built up in our depots and overseas warehouses. And we expect good customer pull, and things are looking better.

With this, I request the participants to ask their questions. Thank you.

Moderator:

Thank you very much, sir. We will now begin the question-and-answer session. The first question is from the line of Rushabh Shah from Buglerock PMS. Please go ahead.

Rushabh Shah:

Hi, good morning, sir. Sir my first question is, in the fasteners business would you help us out what is the most important thing to look out in the fasteners business? And why Sundram Fasteners moat cannot be breached? What advantages do you have against your customers, sir?

R Ganesh:

I think with respect to the fasteners business, we have been in this line of business for almost 60 years and the relationship with the customers are good and strong. And at the same time, the quality level and we look ahead and work with the customer in terms of understanding their requirement, whether it is for their ICE application, EV or the hybrid. So, we work along with the customers and support them with respect to either building up capacity or participating in their new programs.

And the significant point is, our strong tool library, I think in terms of SKUs if you look at for fasteners, we should be handling varieties of say more than 10,000 number. So, the strong tool library comes in handy to support whatever the customer wants. And today we are supporting from as minimal size as M3 to M56 and we are also looking for higher range of fasteners. So, the range, the market, the segment what we serve, I think that stands in good advantage for Sundram Fasteners compared to competition.

Rushabh Shah:

Sir, just a follow-up on that one. Only a customer would change from Sundram fasteners is just because the product quality gets changed or better services a competitive might be offering?

R Ganesh:

See, it could be on account of customer looking for risk mitigation strategy. Assuming he's sourcing 100% from Sundram Fasteners on say either a standard product or a special product, maybe post COVID I think the customers have been looking for risk mitigation strategy, whether at all they are importing or even whether they are sourcing within the country. I think that could also play. And in terms of entry level or standard product, the competition would always come up with a bit lower price. And being seniors in the industry, we always know in terms of the price pressures, we do not give in. That is how I would put it.



- Rushabh Shah:** Yes. Sir my next question is, just to move on on the risk mitigation strategy, what would market share do we combine across our product portfolio? If you could give us your market share? And also, what is the market share with PV and CV as a segment?
- R Ganesh:** I think with respect to the market share across our product segment, if you look at in terms of fasteners, I think we are the number one in the Indian market I think with a market share of say close to 40% to 45%, that is the market share which we would be commanding today. And we have competition in the form of either Sterling Tools or Deepak Fasteners or Right Tight Fasteners. In each of the product segment we have competition as such. And with respect to other product segments, I would say, we would be number two level competing with other. And as regards the market size with respect to the OEMs, typically if you look at Sundram's revenue, roughly 70% of the revenue comes from the domestic market and 30% from the exports. And out of that 70%, between 55% to 58% would come from the OEM segment, and there our exposure in terms of CV between M&HCV, LCV would be close to 35% to 40%, and passenger cars would be about 40%. So, these are the broad numbers.
- Rushabh Shah:** Okay. And sir my next question is, what is your vision for Sundram Fasteners in the next five years, where do you think Sundram Fasteners will be?
- S. Bharathan:** See, in all our product portfolios, I think as my colleague explained just a while ago, we work for retailing the market leader position, whether it is on the fasteners side, whether it is on the pumps, or the sintered and other product portfolio. The second is, we have forayed into spaces like aerospace and defense, mainly because to upgrade ourselves in terms of quality and global competitiveness. And I think that will hold us in good stead to retain the market leadership, enhance on it and proceed further. Actually, Sundram Fasteners, as you know, has been constantly looking at diversification of its portfolio, too. And on that front also, I think we are reasonably proceeding on fast track so that we retain the diversity and mitigate our risks. As was explained to you, all the OEMs today, post-COVID, have gone in for a dual sourcing strategy minimum to mitigate the risks. And even export customers have onshoring activities going on. So, to mitigate ourselves against that risk, we are diversifying our portfolio as well so that overall, we can retain the leadership and proceed.
- Rushabh Shah:** Okay. Sir, just a last question from my side.
- Moderator:** Sir, I am sorry to interrupt, I may request you to rejoin the queue for follow-up questions.
- Rushabh Shah:** Yes, yes. Sorry.
- Moderator:** Thank you so much, sir. We will take the next question from the line of Sonal Gupta from HSBC Mutual Fund. Please go ahead.
- Sonpal Gupta:** Yes, hi. Good morning, sir. And thanks for taking my question. Sir, just wanted to understand, right, like in terms of like we had these wind related orders where we had invested, and I think they were supposed to start and ramp up more in the second half. And also, I think the EV related orders was expected to start probably in Q3, Q4. So, could you give us an update on what's happening there, how are those ramping up?
- R Ganesh:** Yes. With respect to the wind related, the capacities are in place, and we have come to the 100% utilization of the installed resources. And we have seen an uptick in the revenue, thereby pushing up our auto, non-auto ratio also moving from 60:40 to now we are looking at 65:35. So, that way the wind energy project is on, and we are seeing the benefit. And we are also in discussion with the customers for ramping up for the next phase.
- And coming to the EV order, as we had mentioned, yes, the projects are on stream, whatever investments required for that have been completed both as Mahindra World City and Sri City. And the customers have indicated the schedules starting from current Q1. And I think it's on stream from our side with respect to the new product development is validation. And hopefully, by Q2 we will get better visibility in terms of pull from the customer end. With respect to required stock building at the customer end, in the warehouses the projects and work is already on and completed.
- Sonpal Gupta:** Got it, sir. Thank you. Sir, just a clarification, Q1 you mean the Jan to March quarter or the Q1 of fiscal '26?
- R Ganesh:** No, no, Q1 of Jan to March. Already the pull has started. I think we will get better visibility going forward in Q2.



- Sonal Gupta:** Got it. And just to follow-up, right. Like wind, like you said, we have already reached 100% utilization. But if I look at your dollar term export revenue growth, it's only about 5% year-on-year. So, I mean, like despite the wind orders coming in, which I think would have sort of helped, we are seeing a very muted growth on the export side. So, are there other segments like the Class 8 and trucks, which are sort of growing negatively, I mean, if you could sort of indicate what's happening in the export space?
- R Dilip Kumar:** Just to clarify, this wind segment, while it may have ultimate induce is exported, but it is a rupee denominated business for us. That's the first clarification. The second is the exports have grown from Rs. 1,024 crores to Rs. 1,174 crores, which is about 15%. And in dollar terms, our math suggests that we have grown by 13% and the balance is because of rupee weakness. And so, I just wanted to clarify that part.
- Sonal Gupta:** Got it, sir. So, basically the domestic is where we are still seeing, I mean, obviously we understand the auto industry is also muted, that's why the overall domestic growth sort of is sort of slower, right?
- R Dilip Kumar:** Correct, you are right, absolutely.
- Sonal Gupta:** And just the last thing, sir, on the FX side, right, like as the INR depreciates sort of it depreciates further, should that help us in terms of our profitability?
- R Dilip Kumar:** 100%, sir, because the exports of Sundram Fasteners, depending on how we close could be between \$180 million to \$200 million as a broad range, and maybe closer to \$200 million. And our imports are not significant except in a year where we import for capital expenditure requirements. So, whenever there is a rupee depreciation, we tend to benefit.
- Sonal Gupta:** Okay, so I mean it's not like a pass-through to the customer.
- R Dilip Kumar:** No, sir, it's not pass-through.
- Sonal Gupta:** Got it, sir. Great sir. Thank you so much for taking the questions.
- R Dilip Kumar:** Thank you.
- Moderator:** Thank you. The next question is from the line of Sahil Rohit Sanghvi from Monarch Network Capital. Please go ahead.
- Sahil Rohit Sanghvi:** Yes. Good morning, sir. Thank you for conducting the earnings concall. And thank you for the opportunity. Sir my first question is, regarding the EV orders we have seen a change of the government in the US and President Trump was alluding to freezing the green subsidies. Have you seen any kind of sort of a push down or any kind of delay or cancellations in the orders related to the EV?
- S Bharathan:** See, for some time now there has been a push back on the EV side, even last quarter and the quarter before that there was a push back. And our OEM customers, while initially indicated good numbers, there were some delays in the platforms getting started. But last quarter, as expected, we expected this H2 of this year, that is the running quarter, running half to start with those businesses. And as expected, the businesses have commenced with major OEMs. However, the quantum and the volumes indicated have not fructified as yet. So, there is a delay there. But as you say, things are hazy as such. But definitely, every OEM has assured that their platforms are on, they are not going back on that. It's only a matter of time before it comes to full fruition.
- Sahil Rohit Sanghvi:** And sir, I think what we have guided was that maybe first year we could see something like Rs. 200 crores, Rs. 250 crores in INR, and then the next year onwards we can ramp up to four Rs. 450 crores, Rs. 500 crores. Would that be a ramp up trajectory still? Or should we not put that in the estimates, should we narrow down the estimates?
- S Bharathan:** Hazarding an estimate would be too premature now, but definitely there will have to be some recalibration to that.
- Sahil Rohit Sanghvi:** Right sir. And regarding the other areas of demand when it comes to the non-EV side, how are the export market looking, if you can give us a general understanding?
- S Bharathan:** Yes. See, as far as the export, as you know, the European market has had a very bad year, and the situation is still tough. But I think with some light at the end of the tunnel for the Israel conflict, I think things are going to settle down. And there's also hope on the Russian war front. So, Europe is expected to pick up maybe towards the second half of the year.



Coming to the North American market, yes, this year is supposed to be muted with also a 2% GDP expected in American economy. And with Trump, there's a change in the government, people are a bit keeping their fingers crossed in terms of tariffs on vehicles and things like that. So, the major market like commercial trucks, Class 8 or Class 7 trucks are expected to go a bit down. In fact, last year they were slightly better than expectation, but this year it's supposed to go down. And it's likely to pick up in the second half of the year, that is post-June wherein norms of '27 are going to kick in. So, from the second half of this year, and for a major portion of the next year, that is 2026, there is expected to be a prebuy, and so the market will start looking up in '26, followed by a drop in '27. And again, there is another norm for the greenhouse gas emissions coming in 2030, and till then situation will be up and down. But '25 second half and '26 are expected to be good.

Sahil Rohit Sanghvi: Right sir. And my last question is, if you can give us the wind energy related revenues, maybe as a percentage of total revenue, if something like that could be given.

R Ganesh: Yes, I think with respect to wind energy, probably there we started off with, say, sub-5% with respect to wind as a percentage overall revenue. I think we should see it inching towards higher double digit as the current volumes, whatever we have planned that has already picked up, and with the Phase 2 coming in. So, we are seeing positive numbers with respect to the wind energy business.

Sahil Rohit Sanghvi: Currently, sir, we are at around 5%, is that the right number?

R Ganesh: Yes. Currently as I said we would be between 5% to 6%, and probably we will take it up to higher single digit as I mentioned.

Sahil Rohit Sanghvi: Thank you, sir. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Mukesh Saraf from Avendus Spark. Please go ahead.

Mukesh Saraf: Yes, sir. I just thought I will ask a few questions. Firstly, on the domestic revenue, we saw for a period of few years that we had been continuously outperforming the domestic revenue. But since last year, domestic revenue growth has kind of come off. We do understand the industry is not as good, but as a track record, we usually outperform this. So, could you kind of help us understand this time around we are not outperforming the domestic industry, and then what are we doing here to kind of improve this?

S. Bharathan: See, as far as domestic industry is concerned, let me just talk about the sub-segments of the industry.

Mukesh Saraf: Sorry sir, my is not about the --

S. Bharathan: The first half of the year, on the commercial vehicle side there was a lot of headwinds and lack of infrastructure spending and elections and all that, and heavy rainfall in various parts of the country. And also, the e-commerce activity was reduced. As such, the commercial vehicle industry on a production front saw 8% dip compared to the last year. And it was our estimate that going forward for the second half, Q3 as well as Q4, we estimated the commercial vehicle segment to pick up 2 to 3 percentage points from the dip it was. And true to our prediction, it is now about 6%. 2 percentage points have been picked up in the commercial vehicle side, Q3 has been slightly better, and Q4 is expected to continue the same way. And there are some indications from OEMs that irrespective of the demand, production will continue for the fourth quarter. So, on the commercial side, we see a slight pickup compared to the H1 of the year. And the industry will close at around 2 to 3 points better than the first half of the year.

And on the passenger side, as you know, again, the entry level cars and the sedans have had a big drop, close to 15%, 16%. And the SUVs are dominating the segment today with 65% of the industry segment. So, there's a premiumization that's happening in this segment, like many other segments. And in the second half of this year, again, we predicted some improvement. We assessed some improvement to happen. Luckily, in Q3 during the festival season and the marriage season now there was some improvement in terms of sales. While the production levels have not gone significantly up on the passenger car segment, the sales have gone up. In fact, for Q3, I would say, about 100,000 cars were sold more than the production. So, bringing down the inventory in the pipeline by about five to six days, which is some good news for the dealerships. And the Q4 is also expected to continue the same way.

Coming to the tractor segment again, H1 had a lot of issues in terms of low demand. But with a good kharif season and now rabbi sowing season being high and also the rabbi crop expected to



be good, the tractor demand has also slightly picked up in the third quarter, and the momentum is likely to continue in the fourth quarter.

Mukesh Saraf: Right, sir. Thank you for that. So, my question was also regarding what Sundram Fasteners is doing to outperform the underlying industry. Because in the past we have done this consistently for a few years but say in the last couple of years we are probably not seeing that outperformance. So, like you mentioned in terms of passenger vehicles, SUVs are doing better, for example. So, are you kind of looking to get larger share of wallet in the SUV space? How are we placed there? So, some color on this would really help.

S. Bharathan: Yes, precisely. In fact, see, there are two significant aspects that are going into our efforts. One is on improving our share of the business with the customers, which is happening on various fronts. And the second is, more focus on the new products and new product development. And on both these factors, we are seeing significant success. And from our frontline, like what's happening in the industry, we are also looking at premiumization in terms of our products of the various verticals of Sundram Fasteners we are looking at premiumization, like stainless steel fasteners and improved pumps with higher efficiencies, filtered path with two material, differential material. All these are our efforts, and we serve the industry with better options to proceed.

Mukesh Saraf: Right. No, that's really good to hear. So, when can we start seeing some of these efforts show up in the numbers, because this quarter also we are flattish on domestic, in line with the industry. So, any sense there on when we can start seeing the outperformance vis-a-vis the underlying industry begin for us on the domestic side?

S. Bharathan: See, as you know, the auto industry goes through a rigorous process of new product development in terms of validation and things like that. So, for any part from the go ahead for the development to come to fruition, depending on the nature of the part it takes anywhere between 18 to 24 months. However, all these activities have started a bit early, and so I think post half of the next year we should be able to see things coming to be.

Mukesh Saraf: Right. So, second half of F '26 we should start seeing some numbers show up?

S. Bharathan: Correct.

Mukesh Saraf: Okay, great. And secondly, again on the domestic business, we have off late seen a lot of EV launches in the domestic side, Mahindra, Maruti, Hyundai, all of them have launched their EVs. And because we obviously have some of these transmission components like the shafts and differentials etc., how are we placed with respect to supplies domestically for some of these warm forged products?

S. Bharathan: We are very much in the game there, and we are engaging with all the customers on the EV side. Our estimate and assessment are that, while on the passenger car segment it might be EV and hybrids, and on the commercial vehicle segment it might be EV and hydrogen. This is how we estimate the market to pan out.

Mukesh Saraf: Right. So, we will be part of the suppliers for these EVs that are being launched right now, and obviously getting into production now.

S. Bharathan: Yes, without a doubt.

Mukesh Saraf: Any guidance you can give on what could be the value of these orders that we can get, how much this can kind of help us in the domestic revenue, just for these EVs in India?

R Ganesh: I think as Mr. Bharathan had explained, I think it's in the development and approval stage. I think it would be too premature to commit on volumes or numbers that we are looking for this portfolio.

Mukesh Saraf: Got it. Understood, sir. And on the margins, Mr. Dilip had mentioned about the mark-to-market hit. Can you tell us in 3Q what was that number? And in which line item is it in other expenses for example?

R Dilip Kumar: No, it is grouped as part of other income in terms of line items. So, it's MTM, as the export realizations happen in Q4 and these derivative positions, not derivatives, I say derivative just a simple forward contract, and these would get reversed as a P&L credit, flushed back into P&L.

Mukesh Saraf: Okay. So, that's the reason other income is low, basically its netted off in the other income?

R Dilip Kumar: Correct.



- Mukesh Saraf:** Okay. Right, right. Understood, sir. And probably a last question from my side is on the capacity. I mean, we have further done some now, you mentioned, but obviously we have built in a lot of capacity in the last few years for these EV products as well as for the other products. So, how are we seeing current capacity utilizations? And are there any plans to kind of push back or reduce some of these CapExs now if the utilization rates are low? Because seeing the CapEx number, I think it seems like revenues still haven't come up for a lot of CapEx that we have already done.
- R Ganesh:** With respect to the capacity utilization on our existing businesses, it hovers between 60% to 65%. And on the new CapExes whatever we have invested, so it also addresses the requirements of customers starting calendar year 2025 as well as 2026. So, we should be seeing better numbers of the new investment in, say, '26. '25 would start off in a small way. And in terms of capacity addition for the existing business, we are also looking to garner either higher market share or be ahead of the market where customers keep pushing for higher capacity. So, that's the strategy behind the creation of these capacities.
- Mukesh Saraf:** Right. Understood, sir. Understood. Thank you. I think we have other participants in the queue. Thanks.
- Moderator:** Thank you. We will take the next question from the line of Himanshu Singh from Baroda BNP Paribas Mutual Fund. Please go ahead.
- Himanshu Singh:** Yes. Hi, sir. Thank you for the opportunity. Sir, can you sort of indicate what is the volume growth for the fasteners segment for us in this quarter? And you mentioned that there was some mix impact which impacted us on the revenue side, will that continue in the coming quarters as well?
- R Dilip Kumar:** So, on the mix side, we do not expect that. These things happen, at least in a year of four quarters, one or two quarters these things tend to happen. But I do not expect that to happen in the fourth quarter. On the growth in the volume terms, probably within around 3% in the domestic market overall, with fasteners being the dominant share of that.
- Himanshu Singh:** Okay, sure. And sir in terms of van business, is it a domestic order or is it export order?
- R Ganesh:** We are serving the domestic market, but the customer aggregates and then ships it to wherever location he is executing the project. So, for us the revenue is in terms of rupee. We serve basically the domestic market, and we are also working for getting into export customer base as well.
- Himanshu Singh:** Okay, sure. And sir in terms of outlook, how do you see your FY '26 performance on the top line and on the margin side? Can you give any visibility what are your factors which should help positively, both on the margin and revenue side? Or have any concerns?
- S Bharathan:** As far as the industry outlook is concerned for FY '26, the domestic segment is expected to grow at about 5% to 6%, consolidated. I am talking about all the segments put together, it will be sort of a middle single digit. And as far as the export is concerned, the growth will be muted. In fact, it will be less than what this year looks like. And as far as the retail is concerned, I think we are on par with the industry. This year you might have noticed that in the first half of the year, about Rs. 47,000-odd crores were the retail aftermarket sales of component industry at a 5% growth, we are slightly ahead of that. So, that will continue for the next year, too.
- R Dilip Kumar:** Just by way of an additional input, while the market may be a bit moderate in the export segment, and since we had announced a big order which we had received for electric vehicles. And the customer indications, though we have recalibrated a bit, but the schedules are positive, and the inventory buildup is happening. So, while markets overall may be a bit moderate, but we expect to outperform as far as exports are concerned. And taking into account the rupee weakness and additional exports volume in FY '26, our EBITDA trajectory could be between 17% to 18%.
- Himanshu Singh:** Okay, Sir. Thank you so much. That's it from my side.
- Moderator:** Thank you. The next question is from the line of Sahil Rohit Sanghvi from Monarch Network Capital. Please go ahead.
- Sahil Rohit Sanghvi:** Thank you for the opportunity again, sir. Sir, you had guided for \$200 million export trajectory, would that still be possible?
- Moderator:** Sorry sir, your voice broke.
- R Dilip Kumar:** Can you repeat that question, sir, your voice broke off.
- Sahil Rohit Sanghvi:** Is this better?



Moderator: Yes, please repeat your question.

Sahil Rohit Sanghvi: So, I said that in the previous calls you have guided for \$200 million export trajectory for this year, FY '25. Would that still be a realistic possibility?

R Dilip Kumar: I think it's reasonably realistic. So, somewhere between \$180 million to \$200 million, definitely, it looks like we will achieve.

Sahil Rohit Sanghvi: And would that meaningfully scale up by 15% next year, I mean, because of the new EV orders and the other things?

R Dilip Kumar: That is our expectation.

Sahil Rohit Sanghvi: Got it, got it. Thank you, sir.

Moderator: Thank you. The next question is from the line of Rushabh Shah from Buglerock PMS. Please go ahead.

Rushabh Shah: Yes, thanks for the opportunity. Sir, can you talk about customers and then what percentage do they contribute to your revenue?

R Ganesh: I think with respect to the key customers, see, in India we serve Tata Motors, Maruti, Mahindra; and with respect to overseas customers or export customers, it's falling between Cummins, General Motors. So, the customer concentration, if you look at it, it would be in the range of 35% for the top five. And one significant portion of the customer base is, we do not have large exposure to any individual customers. That way we are mitigated with respect to the participation of Sundram Fasteners, either in terms of segment or in terms of customer or in terms of geography.

Rushabh Shah: Okay. And sir, especially one of your competitors had entered into NCUs.

S Bharathan: Sir, into?

Rushabh Shah: One of the competitors had entered into NCUs.

S Bharathan: Okay.

Rushabh Shah: Are we also planning to enter the segment?

S Bharathan: See, as such, we believe in concentrating on our core competencies. And while we will update our products going for electric vehicle like e-transmission, e-axles and e-transmission and electric water pumps, things like that. I do not think we will get into electronics as such, in the near future.

Rushabh Shah: Okay. Thank you.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference back to the management for closing comments. Over to you, sir.

R Dilip Kumar: So, thanks everyone for joining this conference call, we really appreciate it. If you have any questions which are left unanswered, if you want any clarification, please do not hesitate to reach out to us. Because if any journalist or anyone picking up from this transcription, please reach out to us so that we are not quoted out of context. And like I said at the beginning, we are cautiously optimistic about Q4, and we will have another call in Q4 when we hold our Q4 conference call. Thank you so much.

Moderator: Thank you very much, sir. Thank you, members of the management.

R Dilip Kumar: Thank you.

S. Bharathan: Thank you.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of Avendus Spark, that concludes this conference. We thank you for joining us. And you may now disconnect your lines. Thank you.