



Sundram Fasteners Limited

"Sundram Fasteners Limited Q2 FY '26 Earnings Conference Call"

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Sundram Fasteners Limited

Avendus[^]
SPARK



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



Moderator: Ladies and gentlemen, good day and welcome to Sundram Fasteners Q2 FY '26 Earnings Conference Call hosted by Avendus Spark.

As a reminder, all participant lines will be in 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, sir.

Mukesh Saraf: Thank you. Good afternoon, everyone. Mukesh Saraf here from Avendus Spark. Appreciate everybody logging in to this Q2 FY '26 Earnings Call of Sundram Fasteners. From the management team, I am pleased to host Mr. R. Dilip Kumar - Chief Financial Officer; Mr. S. Bharathan - Executive Vice President (Marketing) and Mr. R. Ganesh - Vice President (Finance and Projects).

I will now hand over the call to Mr. Dilip Kumar for his opening remarks, post which we will begin with the Q&A. Over to you, sir.

R. Dilip Kumar: Thank you, Mukesh, and good afternoon and welcome all to our discussion on Q2 Earnings Call.

We have had a good quarter from the domestic market perspective and for the half-year numbers, we have closed at Rs. 2,723 crores with profit after tax of Rs. 278 crores, which is the highest in the history of the company. And breaking down that to the quarterly numbers, we have had about 12% growth in the domestic segment.

The exports have moderated as expected and compared to Rs. 389 crores, the corresponding quarter, we have registered Rs. 338 crores. And the other major element has been the foreign exchange, which USD INR, which was at Rs. 85.4 in the beginning of the year, depreciated but rear-ended, which was expected and closed at Rs. 88.4, about Rs. 3 depreciation. And we have benefited from that rupee depreciation in terms of the realization and also the restatement of our receivables. And we expect this trend or rupee to stay at this level, Rs. 88.8 plus. So the benefit of rupee depreciation will be captured in our exports.

Apart from a few insurance claims relating to the floods which happened in Chennai and other one-time items, for the quarter, we have closed at Rs. 1,356 crores compared to Rs. 1,300 crores in the corresponding quarter. And one thing I must tell you here is that the raw material prices have shown a softening trend. We are seeing that in the two types of materials which we use, boron steel as well as the alloy steel, we have



seen the prices have softened from time to time and which is reflecting in our high gross margin, which is back to 60% plus.

And again, due to product mix and some lesser expenditure on tools, better control over stores and tools, we have managed to keep that line item under control and the contribution has been close to 28% for the quarter. The other fixed expenses have remained fairly stable and we have been able to register EBITDA of 18% for the quarter. And interest costs have been at Rs. 8 crores compared to Rs. 5 crores. And this is again because of slightly higher borrowing compared to the last year and also the interest subvention which RBI has withdrawn, so therefore higher finance costs. We have also capitalized some of the amounts which were in capital work in progress. And profit for the quarter again, I must report is the highest at Rs. 140 crores for the quarter.

And just to talk about the half yearly numbers, the quarter number mirrors the half yearly numbers, no big change. And just for the sake of completeness, the numbers are Rs. 2,723 crores for the half year and the EBITDA has been at 17.7% compared to 17.2% the corresponding period and profit after tax at Rs. 278 crores. And from the balance sheet perspective, the balance sheet I think has been fairly stable in the last 6 months. There have been movements between two heads where there have been mark to market. Higher credit we have taken for the fair valuation of investments which again flows into other components of income. And higher capitalization has happened and some of the capital advances have reduced. So overall, we have reduced the borrowing from close to Rs. 600 crores to minus Rs. 40 crores as of H1. And the consolidated numbers also are fairly okay from our perspective. And for the first time, we have crossed Rs. 300 crores of profit after tax in H1 and more than Rs. 150 crores for the quarter.

And with this, I will now throw the floor open for any questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rishabh Shah from BugleRock PMS. Please go ahead.

Rishabh Shah: Hi sir, thanks for the opportunity. Sir, my question is, in the previous calls, you have mentioned that you are looking to diversify your customer base in Europe and North America. So any progress you have made on that front?

Management: You can see from the press release also, despite the uncertainties in the global trade, we have been able to hold on to our export book to some extent. It is because of our diversified presence as it is. And we are not present only in the USA, I must emphasize here, and we have presence in Mexico and UK, Germany, France and other parts of the world. So that will stand us in good stead going forward. And the customer acquisition,



customer engagement are continuously happening, and we will be able to probably share some good news in the coming quarters.

Rishabh Shah: Sir, the next question is, in the wind energy segment, which parts are you supplying to the company? I just need to know, do we do it only domestically or also export? And who is our competition in this business?

Management: I think with respect to wind energy partners, as we have been explaining in previous conference calls as well, based on the investment that we have made, and that has started giving the desired results in terms of higher revenue. So if you look at the wind energy segment per se, it has moved 30%-35% growth H1 to H1. And we are supplying predominantly to domestic customers, and who in turn export on a consolidated basis to various locations of project execution. And if you look at competition, we have in terms of domestic customers like Randag is there, Coopers. So there are multiple players, but given Sundram's credibility with respect to quality, reliability and scaling up with respect to investment, I think we are having a good revenue book with respect to wind energy.

Rishabh Shah: So just to follow up on this one, in terms of margin, what would be the margin difference between a wind energy fastener versus auto segment fastener?

Management: It will be more or less at the same level, but given the business is centered around domestic, we expect a better ROCE with respect to wind energy business.

Rishabh Shah: Sir, my next question was on the aftermarket business. As you say that it will be in the range of 10%-15%, I just wanted to know, are we doing anything to increase that percentage as it is a higher margin business for us?

Management: Yes. See, there is a continuous effort from our side to improve our aftermarket business in terms of our product.

Moderator: Ladies and gentlemen, the line for the management has been disconnected. Kindly hold while we reconnect them. Ladies and gentlemen, we have the management back in line with us.

Management: Thank you. On the aftermarket, there is a continuous effort from our side to improve the aftermarket portion of our business, both in terms of the product range as well as the reach. We are continuously engaging with our channel partners. In fact, on a wide variety of parts, we have extended our reach, and also we are continuously onboarding new channel partners. And in terms of the content of aftermarket in our overall business, I think we should also note that a portion in some of our streams, there is a content called OE Spares, which should also be considered as an aftermarket because



it goes to service the aftermarket in the home. So that will push up the aftermarket content by another 5%-6% points.

Rishabh Shah: Thank you, sir. I will get back in the queue.

Moderator: Thank you very much. The next question is from the line of Nihaar Shah from Ikigai Asset Management. Please go ahead.

Nihaar Shah: Hi, sir. Thanks for the opportunity. I just wanted to check on the domestic revenue growth that we have seen. So we have obviously grown faster than the market. We have been doing that for the last couple of quarters now. Can you talk about what is leading to this higher growth and market share gain for the domestic side of the business?

Management: See, on the domestic side, as you say, we have grown, we have outperformed the market mainly on account of two reasons. One, wherever we are already there, there have been some increase in our share of businesses with some key customers. That is one aspect of our improvement over the industry. The second is we have also got some new businesses in the passenger car segment and the tractor segments where we were not present earlier. And that has also led to the increase in the better performance compared to the corresponding industry numbers.

Nihaar Shah: Understood. And sir, correct me if my understanding is wrong, but I think we are over into the small car business in terms of our market share within SUVs and small cars. So if that segment does pick up, then we would expect better market share gains going ahead, right?

Management: Yes, definitely. And I think the indications now with this GST rate coming up is that this small car segment is also expected to pick up in the near term. So I think we are expecting better times ahead.

Nihaar Shah: Understood. And the market share gains that you spoke about, were those in the PV business in the small car or were those in the SUV segment?

Management: No, both. See, we are present almost equally in all the segments. And the SUV increase has definitely kept us in good stead all along in the past 4-5 years. And now, as you know, the SUV content is about 60% of the passenger segment. And now, the small cars are looking up. And this is also and we enjoy dominant market share in the small car segment as well. So going up, we should see traction in that segment as well.

Nihaar Shah: Got it. And, sir, the export segment, while we have seen a decline in this quarter and the (Inaudible) 14.05 also would have impacted, could you just throw some light on



where we are on the EV order execution? And if we have incrementally signed any new orders on the export EV side?

Management: See, on the EV segment, I would say, there is a pause for the moment. I think most of the EV programs from our major customers are getting deferred, depending on and that is based on the market conditions, primarily in North America. So as of now, I think beyond what we had signed earlier, the industry itself has not moved much and we have also not signed any new orders. But the investments are in place, both at our end and as well as the customer end. So it is not a lost game as yet. So they are hopeful of it, but it is getting postponed to the next year. And once that comes up, once we see traction in that, I think we can move on further orders on that front.

Management: So also, just to add to what my colleague said, some of these schedules, changes, also varies from customer to customer. So the investments have been made, taking into account not only the EV business, but this market also in the domestic market as well. And as you know, our facilities are fully fungible. And so, as we speak, there are signs of schedules improving. And Q4 and further in Q1 of next year, there are already indications from the customer for improvement in schedules, and we are getting them. So we hope to see a much better year, next year, even for EV products. However, it will vary from customer to customer.

Nihaar Shah: Understood. Thank you, sir. Thank you for taking my question.

Moderator: Thank you very much. The next question is from the line of Lakshminarayanan KG from Tunga Investments. Please go ahead.

Lakshminarayanan KG: Yes, thank you. I just want to understand how the decision making among your OE's relationships outside India? How that has actually trended in the last couple of months given so much of noise around tariff? Yes, am I audible?

Management: Yes, you are audible. Can you just repeat your question, sir?

Lakshminarayanan KG: My question is that in the last couple of months, given a lot of noise about geopolitical issues, how the decision making in our key customers, especially outside India, how that has shaped up? Is there a pause? Is it business as usual? Can you just elaborate on that?

Management: See, if you want a short answer, it is business as usual. But let me elaborate on that. Definitely, they are expressing their concerns and we are expressing our concerns depending on whichever it is. On the tariffs, everybody has had an impact on this. So that is given. And it is only on a very friendly negotiating approach that the customers are approaching as of now. And they also inform us as to what sort of the movements can happen. And so it is from a point of view of not transferring the business or taking



away the business, but how to smoothen it and leverage on that. That is how the approach has been till now and I think we are fairly confident that it will continue the way.

Lakshminarayanan KG: Got it. And can you just give the mix of your domestic business between various business segments as well as the vehicle segments?

Management: With respect to the revenue pie, broadly 58% would come from OE and 12%-13% from aftermarket and 26%-27% from export segment. That is the overall pie. And within the pie of domestic segment, if you look at approximately 35%-40% would come from CV plus engine segment. When I say CV, it is CV plus M&HCV, LCV and engines. Similarly, car segment would constitute about 40% with 10%-12% coming from tractors and sub 5% from the two-wheeler segment. That has been the broad revenue split up with respect to segment wise.

Lakshminarayanan KG: But wind, how much is wind now for us, that domestic?

Management: Wind today is about 4% of the overall revenue of the domestic sales. And the bulk of the wind energy revenue comes from domestic segment.

Lakshminarayanan KG: And in exports, can you just give the breakup of geography as well as the vehicle types?

Management: With respect to exports, the exposure to North America would be 65%. And between Europe, UK 20%-25% and Asia Pacific and MENA countries would be balanced. And within North America, if I look at, 40% will be on the CV side and 40% on the passenger car, balanced towards off-road application as well as our aftermarket.

Management: Just to clarify, when my colleague said 65%, within that America is less than 50%. And we have Mexico and other countries on that side.

Lakshminarayanan KG: Got it, sir. And in terms of Cold Forge versus Fasteners, what is the mix as we speak, at a company aggregate level?

Management: At a company aggregate level, if you look at Fasteners would be 35%-40% of overall revenue, followed by Functioned Assemblies between 25%-28%. And Cold Extruded and Sintered Metal would be about 15%. Hot Forging would constitute about 10%-12%. Radiator Cap is about 3%. This is the broad technology or product group-wise of our revenue mix.

Lakshminarayanan KG: Got it. And in terms of our expansion, I assume that the last 2-3 segments you mentioned, that is where the expansion has been there in the last couple of years. Can you just explain that a little bit more in terms of how last 6 months have progressed in terms of these Sintered/Cold Forged or Warm Forged products, etc.?



Management: With respect to those product segments, the expansion or investment takes place based on the customer requirement and as we work closely with the customer and we pick up signals and accordingly, we proceed with the investment decision. But with respect to Wind Energy Fasteners, as we have been explaining in our earlier conference calls as well, we have already executed the project worth close to Rs. 100 crores of expansion. And given revenue uptake, we have also taken a further expansion of close to about, investment of about Rs. 80 crores, which should see revenues for Wind Energy business kicking in additional volume from next financial year.

Lakshminarayanan KG: Got it, sir. Thank you so much. I will come back in queue.

Management: Thank you.

Moderator: Thank you very much. The next question is from the line of Sahil Sanghvi from Monarch Network Capital. Please go ahead.

Sahil Sanghvi: Hi, good afternoon. Thank you for the opportunity. Am I audible?

Management: Yes.

Sahil Sanghvi: Yes. So if you can give me the number of the exports this quarter from the standalone pie, how much would that be?

Management: Rs. 338 crores, sir.

Sahil Sanghvi: So that is about 13% Y-o-Y decline. So would this be largely attributed to the tariff related issues or the demand itself is something which is worrisome and how do you expect things to improve year on? What kind of period do you expect for the improvement?

Management: I won't say it is entirely on account of tariff. And there have been, it is not because of demand contraction for our products in a broader sense. But I think it is the market by itself especially in America for heavy-duty trucks, mid-range trucks and it is not entirely due to tariff. And like I said, tariff has also had an impact in moderation. But it is the truck market in especially the heavy-duty trucks, the classic trucks, which are, I think, underperformed, which has had an impact.

Management: Overall, apart from the tariff impact, there has been a lot of ambiguity on the EPA27 emission norms that are to kick in. And that has also caused some dampening in the demand. And apart from that, the overall economic situation, even the occasional trucks, which used to be a good market, has seen some softening this year. In fact, last year, despite the drop in the Class 8 segment, the occasional trucks kept the momentum. Here now, even there because of the construction activity getting slowed down, the occasional trucks have dropped and it is now propped up by the government,



the federal expenditure on infrastructure. So a combination of these circumstances is what has caused the drop.

Sahil Sanghvi: And with respect to the recovery, how do you see that? At least a 6-month period or any ground developments over there?

Management: You said it. I think in the next 6-month period, we should see some recovery. Some recovery is also reported by some customers in the next quarter. But then in 6 months, I think things should improve.

Management: Like I said in the earlier part of the call to one of the analysts, we are already getting an indication from the customers to prepare ourselves for a bit of a ramp-up in Q1 and some have indicated Q2. And in truck market, probably from H2.

Sahil Sanghvi: Thank you. That answers my question.

Moderator: Thank you very much. The next question is from the line of Himanshu Singh from Baroda BNP Paribas Mutual Fund. Please go ahead.

Himanshu Singh: Hi, sir. Thank you for the opportunity. Sir, I just wanted to understand your perspective on the non-auto segment, which has been growing faster for us. So what is the mix this quarter and what is the growth? And how do you see this trending going ahead? And which products are driving this faster growth for us? Thank you.

Management: With respect to non-auto, today we are at 37% of overall revenue. And this 37% includes tractors because as it gets classified as farm equipment and apart from that, we have strong growth coming in the form of wind energy fasteners, then aerospace fasteners in terms of fasteners for industrial applications. So these are the 3 growth engines where we have seen uptake, which has happened in H1 of 2025-26 compared to last year. And we see that strong momentum to continue further.

Himanshu Singh: And sir, any new segments which we plan to enter, like which we are working on and might see some announcements coming in the next, let us say, 8-12 months, 9-12 months?

Management: While we are working on the areas like stainless steel fasteners and railway fasteners, we have been supplying in terms of small batches. But with a lot of efforts and continued customer engagement, we see those areas or segments as potential revenue earners in the next, say, 12 months or so.

Himanshu Singh: And sir, last question. So on the new BIS announcements and the norms which the government announced this year, did you see any benefit from there? Or should we see that in coming quarters?



- Management:** No, there is nothing specific, sir. And one area where potential benefit could be if Chinese companies are granted license and where we have sourced some of the alloy steel, aluminium steel also from them. But at the moment, they have not got any license. And on the fastener products, yes, we will benefit if they tighten the import of fasteners. And we have already seen the benefit of that because we made entry in the Korean major here. And so that is how things are evolving.
- Himanshu Singh:** Sure. Thank you so much, sir.
- Moderator:** Thank you very much. The next question is from the line of Mukesh Saraf from Aventus Spark. Please go ahead, sir.
- Mukesh Saraf:** Yes, sir. As the question queue builds, I will just ask a couple of questions from my side. Firstly, to begin with, on the margins, you had mentioned that there were some benefits from both FOREX as well as weaker raw material costs. So would we have to, would they say next quarter or so, would we have to pass on some of those benefits? And is this like just a short-term margin uptake that we have seen or we kind of be able to retain some of those?
- Management:** It is not definitely one-off. And whatever the margin which you have seen is after considering the passback. So therefore, this will stay and the indications, what we have so far is that this softening trend will continue.
- Mukesh Saraf:** Got it. And if there is a further depreciation in currency and we have seen steel prices fall further, we can see more benefits is what you are saying?
- Management:** 100%. And I think even if rupee does not depreciate, even if it were to stay at this level, and the last quarter or first H1, average rupee realization has been only 86.5, it is only rear-ended. And therefore, we will definitely benefit from rupee depreciation in the coming quarters also.
- Mukesh Saraf:** Got it. That explains. And on the export side, we have seen a lot of OEMs talk about pushing back on some of their new EV platforms. But we have seen some announcements of new ICE platforms as well. So if you could give some sense on, are we in discussions, are we getting new RFQs for new ICE platforms, especially on the PV side of the business in the export segment?
- Management:** See, while with specific OEMs, I am not in a position to confirm anything. With a major engine maker, we are under discussion for their global program, which is an ICE program, which would also be compatible with, say, hydrogen or what is called the fuel agnostic platform. So they are in development for such engine platform, probably the last ICE platform they are building. But that will come into effect in 29 in one region



and then in 30 in India and in other regions in 31. So that is all. But we are participating with them. We have got RFQs and we are fairly certain of businesses in certain areas with that platform.

Mukesh Saraf: Sure. So some of these new platforms is probably at least 2-3 years away is what you see?

Management: Yes. In fact, sometime back, maybe 3-4 years back, we were hearing many of them were building the last ICE engine. But now, new platforms are getting on board.

Mukesh Saraf: Got it. That is helpful. And just lastly, from my side on your subsidiaries, if you could give some sense, a couple of points on maybe each of the subsidies, how things are there, sir?

Management: With respect to the subsidiaries, the first one will be on China, where we are seeing recovery in the construction segment. With respect to passenger and the CV, we are seeing the market a little stable. So the construction segment is back and we are seeing uptake in the revenue numbers. So that would keep the China subsidiary on the growth path in the coming quarters. And with respect to CPFL, that is, Cramlington, it is predominantly based on the truck segment and in Europe, the truck segment is going through a sluggish phase on account of the tariff impact and the demand. But despite that, the subsidies are continuing to be profitable and showing a growth. So that is how the subsidiary performance for this quarter and H1.

Mukesh Saraf: Right. I think that is helpful. We have more questions in the queue. You could take now.

Moderator: Thank you very much. The next question is from the line of Sahil Sanghvi from Monarch Network Capital. Please go ahead.

Sahil Sanghvi: Yes, thank you for the opportunity again. I request if you can give us some more information about the domestic growth that we have done. You have already told us that it is because of the improving business from the existing customers and some new business that you have signed up. So just from the point of the components, is this just partners with some other components? And which segment, especially the PV, CV, if you can give some more understanding on this?

Management: In terms of the share increase with existing customers, what I spoke about, I would categorize it as predominantly from the commercial vehicle segment. And from entry into new customers, I would primarily lay the drive from the passenger car segment. And the overall increase in the tractor segment has helped us because our participation with the tractor segment is also high. And wherever we are present, we are almost



80%-90% share. And that has also helped us with this growth. So overall, for existing share of business, commercial vehicle and the tractor and for new business, I would categorize the passenger car as the main driver.

- Sahil Sanghvi:** Got it. And does this also mean, is it largely fasteners or is it other components also?
- Management:** All. In the passenger car segment, I would say mostly fasteners. And in the tractor segment and truck segment, I would say pumps and assemblies. So it is all streams put together.
- Sahil Sanghvi:** Got it. And this will still scale up in the coming quarters. Are you expecting some more additions or largely we have for now achieved the expectation?
- Management:** No. Hopefully, yes. I think the momentum is expected to continue and definitely our performance with respect to the industry will outperform in the industry.
- Sahil Sanghvi:** Sure.
- Management:** Outlook for domestic industry being quite strong in Q3 and Q4. And if exports also revive based on the indications we have in Q4 and Q1, I think we are quite excited about the next 6 months.
- Sahil Sanghvi:** And CV is showing equally good signs of recovery from how it performed in the last 2 years, domestic CV?
- Management:** On the CV, I would rather divide it into some micro segments. While the HCV segment has not shown great improvement, this year's growth has come predominantly from the light and the medium commercial vehicles, mainly due to the economic activity, the last-minute connectivity and things like that. But given this GST reduction, the heavy commercial segment is also expecting good increase. And overall, if you look at the track record, maybe in the commercial segment, the first half will be 45% and the second half will be 55% of the volume that they make for a year. So that in itself would give some improvement in the second half plus the GST reduction, many OEMs feel that would have an impact on this, a positive impact on the HCV demand as well. But by and large, the HCV demand has been muted because of the overall truck productivity improvement.
- Sahil Sanghvi:** Got it. And domestic PV has been maintaining the festive season momentum even after the festive season is completed. Do you see the same or equally good momentum continuing on the passenger vehicle side, domestic?
- Management:** I do not have that as a guess now. I think we would need some time to see how it turns out. But as of now, it has been great going.



- Sahil Sanghvi:** Thank you. Thank you for the answers.
- Moderator:** Thank you very much. The next question is in the line of Himanshu Singh from Baroda BNP Paribas Mutual Fund. Please go ahead.
- Himanshu Singh:** Thank you, sir. So just a couple of questions on the EV side. So do we have like equal or like equal market share on the electric vehicle side also in our domestic market? And what is the revenue percentage currently we drive from EVs?
- Management:** With respect to the overall EV, I think today, we are at about close to 5%-6% of the revenue. And it has both components of export as well as domestic. I think the domestic penetration into EV is progressing as the customers also move into more EV vehicles.
- Management:** To add to what my colleague said, as of now, the share might not be on par with the ICE engine share that we are having for the simple reason that majority of the EV platforms in India have just dovetailed into the existing platform itself and try to use whatever parts were available readily amenable to this. Only now, de novo designs have started for the EV for the past 2 years. So going forward, we will definitely reach a stage where we are on par with our ICE share. But as of now, it is not.
- Moderator:** The line for the participant is disconnected. We will move to the next question. The next question is in the line of Lakshminarayanan KG from Tunga Investments. Please go ahead.
- Lakshminarayanan KG:** Yes, thanks again. So you talked about this EV and non-EV. Let us take you take a passenger car's ICE and a passenger car's electric, which could be a born EV also. The value capture which you can actually do if it is indexed to 100 in a regular passenger car, the similar what would be the value capture you can actually do in an EV as a company for you?
- Management:** As a company, it would be about 80 on a scale of 100 for ICE versus EV, it would be 80.
- Lakshminarayanan KG:** Got it. And second, if I just look at our business and in the last 6 months, what percentage of our business has come from the same customers and the same lines which we did last year versus the same customers and the new lines or new products we actually had for those customers?
- Management:** See, generally as a measure of performance, we use new product revenue kicking in based on product developed in the last 3 years. That as a measure, we are hovering about 20% plus. So that trend takes into account whether the revenue comes from existing or new customer or existing line or new line. That is the measure of performance that we follow internally.



Lakshminarayanan KG: Got it. And with respect to our Sri City facility, what is the potential there because we have been investing in that. Has it been fully operational now or a few more lines will be added?

Management: No. The facility is fully operational. And as envisaged in the project, we are serving one of the biggest European customer out of the Sri City facility. And whatever expansion that we have made for EV for serving the North American customer, that expansion is also in place. And as explained earlier, based on the market conditions and the improvement, we should see better numbers coming for Sri City plant.

Lakshminarayanan KG: Got it, sir, and last question, from a revenue certainty point of view over the next 3 years, what kind of book size we actually have? Not necessarily an order book, but you will have some MoUs or something would find. So how are you looking at what is the revenue certainty you anticipate in the next 3 years, keeping this year at 100?

Management: See, I think our internal estimate is, we are working on a double digit CAGR year-on-year. So we should position ourselves towards that number taking base of 100.

Lakshminarayanan KG: Got it. But this is because your revenues are also linked to the metal prices, right? So when you say CAGR, how do you look at it? Is it on a constant metal price or how do you look at that?

Management: With respect to metal prices, if there is an upward indication, customer compensates us to that extent, the raw material cost also gets inflated. And similarly, when there is a reduction, we pass it on. So that way, we don't really factor in the cost escalation on account of metal prices.

Lakshminarayanan KG: Because you talked about the CAGR in growth, so I am just wondering, because this is keeping the metal prices the same without any changes?

Management: It may not be significant. If you take an entire year, it may be about Rs. 10-Rs. 20 crores, depending on the quantum of price reduction or price increase which happens in the market. So it will not be significant. You do not move the number by a bit.

Lakshminarayanan KG: Got it. Thank you, sir.

Management: Thank you, sir.

Moderator: Thank you very much. The next question is from the line of Rishabh Shah from BugleRock PMS. Please go ahead.

Rishabh Shah: Sir, just a small question. Who are the top 5 customers for us and how much are we contributing towards our revenue?



- Management:** With respect to the top customers of Sundram, it is Cummins, General Motors, Maruti, Mahindra and Tata Motors. Amongst them, they would constitute say 35% of the overall revenue.
- Rishabh Shah:** Thank you, sir.
- Moderator:** Thank you very much. As there are no further questions, I would now like to hand the conference over to management for closing comments.
- Management:** We thank everyone for attending this Q2 conference call. We look forward to meeting you or discussing with you in Q3. And those of you who could not attend this call, we are there in Mumbai attending the Avendus Spark Conference on 18th. So we look forward to meeting you there.
- Moderator:** Thank you very much. On behalf of Avendus Spark, that concludes this conference. Thank you for joining us and you may now disconnect your lines.