



Sundram Fasteners Limited

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August 6, 2025

National Stock Exchange of India Limited

Symbol - SUNDRMFAST

Exchange Plaza, 5th Floor,
Plot No. C/1, G Block, Bandra-Kurla Complex
Bandra (East), Mumbai - 400 051

By NEAPS

BSE Limited

Scrip Code - 500403

Phi Roze Jeejeebhoy Towers
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 August 1, 2025

Further to our letter dated July 28, 2025, on the subject, please find attached the transcript of the Analysts / Investors meet held on **August 1, 2025 (Friday)** 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,

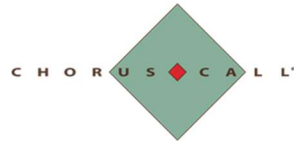
Yours truly,
For SUNDRAM FASTENERS LIMITED

G Anand Babu

Senior Manager – Finance & Company Secretary



“Sundram Fasteners Limited
Q1 FY '26 Earnings Conference Call”
August 01, 2025



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

MODERATOR: **MR. MUKESH SARAF – AVENDUS SPARK
INSTITUTIONAL EQUITIES PRIVATE LIMITED**



Moderator:

Ladies and gentlemen, good day, and welcome to Sundram Fasteners Q1 FY '26 Earnings Conference Call hosted by Avendus Spark Institutional Equities Private Limited. As a reminder, all participants' 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mukesh Saraf from Avendus Spark Institutional. Thank you, and over to you, sir.

Mukesh Saraf:

Thank you, Pari. Good morning, everyone. Mukesh here from Avendus Spark. Appreciate everybody logging into this first quarter FY '26 Earnings Call of Sundram Fasteners. From the management team, I'm 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'll now hand over the call to Mr. Dilip Kumar for his opening remarks, post which we'll begin the Q&A. Over to you, sir.

Dilip Kumar:

Thanks, Mukesh, and good morning, and welcome to the Sundram Fasteners Q1 Earnings Call. So we started off well in the domestic segment, and we had growth slightly higher than the industry across all segments, commercial vehicles, engine, passenger vehicles, tractors, all segments we have performed well.

As expected, because of the uncertainty in the overseas markets, exports, we have to see how it evolves in the coming quarters. We have finished the quarter at INR1,367 crores compared to corresponding revenues of INR1,021 crores.

One of the things which has helped is the performance of the European customers and the -- our invoicing in Europe and as well as GBP, which have appreciated sharply against the U.S. dollar, we have benefited from foreign exchange movement. Also the favorable raw material prices, which have remained benign.

And thanks to the procurement mix, we've been able to bring the margins -- we have been able to reduce the material cost and up the gross margins. And again, due to favorable product mix, we've had a lower charge on account of stores and tools as well as subcontract expenditure.

And internationally, the freight outward costs have also come down compared to Q1 of last year. And one surprise element is the -- for us is the -- our power procurement, again, has been favorable. The renewable energy mix has increased, which is also cost competitive for us. And



our -- after accounting for fixed expenditure increased on account of salary revision. We have reported EBITDA of INR238 crores at 17.5% compared to 17% for Q1 of last year and 15.6% of Q4.

The borrowings are also showing a declining trend. And not only the borrowing, the working capital components as well the receivables are well under control, so our inventory. And we expect the capital expenditure to be around INR300 crores this year. And we have recorded reported PBT of INR186 crores, which is the highest for us, and also profit after tax of INR138 crores, which is again the highest for the quarter.

And like I said, the -- all the balance sheet parameters are looking up, including the asset turns, both gross asset turns and net asset turns have moved up. And the outlook, we are reasonably positive for Q2. And on the questions on the -- which may come relating to the tariff, I think most of the customers have been supportive, and we've been able to negotiate and reasonable reimbursements from all our customers. So we don't -- we are not seeing any challenge on that front.

And with these opening remarks, we are open to now questions. Thank you.

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Rushabh Shah from BugleRock PMS.

Rushabh Shah: My first question is, how big is aftermarket an opportunity for us? And what proportion of our business comes from aftermarket?

Management: The aftermarket business for Sundram overall is around 12% to 13%. And that business, we have been steadily growing, serving the auto segment as well as the industrial segment. We see a good headroom for growth in that segment, which we have been pursuing for the last 3 to 5 years.

Rushabh Shah: Sir, in the automotive or the industrial segment, which is a bigger opportunity for us in the aftermarket? Is it 12% to 13% you said...

Management: Industrial segment, we see across various segments. When I mean industrial segment, we serve, say, for example, the steel industry, the cement industry. So it covers a host of industries, machine tool manufacturers. So there, we see a large headroom for further growth.

Rushabh Shah: So any steps are we taking to make this 12%, 13% aftermarket business a bigger segment -- a bigger portion of revenue for us in the -- going ahead for the next 4 to 5 years?

Management: It's a constant endeavor, but these percentages or proportioned, may remain somewhere between 10% to 15%. As you know, the automotive carbon business is relationship based, and we have



our commitments to the OE segment in the domestic market and our export customers. So we will be able to participate in the market, but my sense is that our proportion of the retail in the overall scheme of things may remain within these levels.

Rushabh Shah:

Okay. My next question is on the export market. How is that working out for us, sir? Can you give some view?

Management:

See, I think currently, the export market is a bit hazy. I think things are not clear. If you take North America, there's a lot of confusion regarding the emission norms that are to kick in, EPA 27 norms that are to kick in '27. And also this tariff-related issues have created a demand slump in North America with some of our major customers, while some are holding on. And on the Europe side, I think we are doing slightly better. It's not as confusing as it. And Europe has also improved over the past couple of years compared to what it was 2 years back. I think the situation in Europe is panning out much better.

So overall, I would say we are slightly down or on par with what we were last year and hoping to improve by the Q4 of this year, that is post October, the third quarter of this year, we see improvement. And the various sub-segments in North America are also indicating that the improvements might come towards the end of the year.

Rushabh Shah:

Okay. Sir my last question is, what are the key risks do you see in a business like Sundram Fasteners?

Management:

The risks at this point in time, we have made investments in our -- creating additional capacity, and we want full utilization in the asset terms to improve. And -- so we expect the export market schedules to improve for some of our parts, especially hybrid vehicles from our overseas customers in Q2 -- our Q2 and for our parts -- electric vehicles to improve from Q4. And -- so the markets, even overseas markets, the demand pattern is not clear. It's evolving. So that export market, I would think as our primary from risk perspective as the issue.

Moderator:

The next question is from the line of Sahil Rohit Sanghvi from Monarch Network Capital.

Sahil Sanghvi:

Good to see the beat on the domestic side of the business. First question, sir, if you can explain what's been working for us that we've delivered this outperformance on the domestic market?

Management:

See, on the domestic market, first, our coverage is much higher, whether it is the heavy commercial, medium commercial, light commercial, engines, passenger cars or tractors, I think our coverage is quite big. We are participating with almost the entire industry. And almost with all our customers, we are the major stakeholders in terms of share of business.

We are a major stakeholder. And when it comes to specific segments, say, for example, in the medium and high commercial, the shift to the higher tonnage vehicles and multi-axle vehicles



has helped us in the sense that our participation has become much higher and the pack value of our parts have improved.

Similarly, in the tractor segment also, the shift towards the higher HP, higher horsepower tractors has helped us in the sense that we have been the first to develop parts for this industry in this segment, and it has also helped us by way of share increase and more penetration in those segments.

Same is the case with the SUV improvement, which is now 66% of the passenger car segment. There also, our participation with the SUVs has helped us. So overall, we are progressing with the industry, and we are slightly outperforming the industry because of our increased participation and share.

Sahil Sanghvi: And this is -- this you say it only for fasteners or across components?

Management: Across the company for all our product groups.

Sahil Sanghvi: Okay. Secondly, sir, any kind of update or clarity on how do we see the production schedules wrapping -- picking up for the EV order that we've got from the American customer?

Management: See, on the EV orders, I think there has been a further shift in terms of Stellantis, one of our major customers, we see the EV and the EV vehicles getting shifted to over by one more quarter. And earlier, it was supposed to be from July, but then it's going to the end of the year.

And while on the GM front, I think since they introduced the vehicles much earlier, a couple of years back, it's steady, though it's not as per the indicative schedules, the GM EV program is going on, and we are on track with that.

Sahil Sanghvi: So for the GM side, are we aiming for some INR150 crores, INR200 crores of revenue this year? Or could it be lower?

Management: It will be upwards of INR250 crores for General Motors as an individual customer.

Sahil Sanghvi: So specifically for the EV orders, the new orders that we got, I'm asking about that, not the whole business that we do with GM?

Management: No, I think the EV order with the GM depends on the pull with respect to the specific customer. There, we are meeting the required volumes in full. So that is how I would put it because the contract or order creation of capacity is for X level, but they have settled down. And based on the EDA pull, we are servicing the customers' requirements.



- Sahil Sanghvi:** So fair to assume that it will take 2 to 3 years to reach the optimum annual run rate for the EV order?
- Management:** Maybe 1 to 1.5 years, that is how I would put it. Because last year, they had some technical glitches, supply chain issues. I think GM has addressed all of them. So I think it is on its course. And by next year, same time, they should be at the full hog.
- Management:** Again, our capacities are well established. And depending on what the customer wants, and depending on the market, the consumer preferences in the U.S. If the demand is for ICE vehicles, we are happy to supply. And if the demand is for plug-in hybrid, we are there. If it's an EV, we are there. So we have no choice in terms of controlling that. But depending on the consumer preference, we are well positioned.
- Sahil Sanghvi:** Got it. And just two more questions. One, we alluded in the opening remarks that the product mix was better. Can you throw some more light on that? I mean which components or how do you define that improved product mix?
- Management:** This is again, as I said in my response to an earlier question, higher tonnage...
- Sahil Sanghvi:** High tonnage, okay.
- Management:** The higher tonnage and the SUVs and the high HP tractors, these give us a...
- Sahil Sanghvi:** These are the reasons, okay.
- Management:** Advantage compared to the normal mix. Wind energy fasteners compared to the last year same quarter, I think with the added capacity, which has come on stream, that has also helped in generating additional revenue from this segment.
- Sahil Sanghvi:** Got it. And lastly, sir, what will be the proportion of the power that we are generating from renewables right now versus, say, a year back?
- Management:** Renewable energy, it's about 51%, 52%, and we are aiming for the year at 55% plus.
- Sahil Sanghvi:** 55% plus.
- Management:** Yes, yes.
- Sahil Sanghvi:** And what were those number last year, sir?



Management: Last year, we closed at around 51%. Today, we are hovering at 52%. I think with the additional inflow of renewable energy, which generally kicks in from July, so we should see better numbers.

Management: That some of our plants, four of them are located outside Tamil Nadu, where the renewable energy policy is not well established. So therefore, the 98% of the procurement in the non-Tamil Nadu, outside Tamil Nadu is from the board, where the power cost is very high. So maybe roughly around 75% of our revenues or production is from Tamil Nadu. Therefore, you have to see this 55% or 60% in the context of 75%.

Moderator: The next question is from the line of Pankaj from Ikigai Asset Manager.

Pankaj: My question is on the growth. Can you just help us understand from where we are in the next couple of years, how is growth coming back? What are the drivers both on non-auto as well as auto? The order is taking time to ramp up. We have capacity...

Moderator: Sorry to interrupt. Mr. Pankaj, can you please bring your device closer to you and speak loudly.

Pankaj: Can you hear me now?

Management: Better.

Pankaj: Yes. No. So from a growth side, sir, can you help us understand from both the U.S. ramp-up on the auto side and on the non-industrial side, how should we look at growth coming back? And if you can help us quantify on the non-auto side, how is the growth panning out from both defense, aerospace, railways and the other industrial side. So that will be helpful because growth has been a little subdued as we speak over the last few years?

Management: Yes. We'll start with the domestic front. If we look at the auto, I think we are currently outperforming the auto segment and also that has been our own -- even earlier, we've been doing this, and we are participating in all the new platforms, and we are there. As far as the non-auto side in the domestic is concerned, I think wind energy, we started quite some years back. And last year and this year, we have made -- we've seen good cushion in wind energy segment and the growth it has helped -- aided our growth. And we are participating in all the new platforms as far as the EV segment is concerned, though it is a bit early today in India. We are there. In some of the -- many of our product lines, we are there.

Similarly, on the railways also, we have made forays. It's still early days, but still on railways and -- as well as the defense we are looking at good opportunities coming our way. And we have a road map for that, which will definitely help achieve our better mix in terms of the auto, non-auto mix that we are targeting. And coming to the retail segment, as explained by Mr. Ganesh also earlier, the industrial segment, we have a huge headroom...



Management: I think I had explained the domestic OE actions that are in place for the growth. I'll now continue with the actions on the retail side, wherein we are constantly looking at range improvement and also diversification plus a continuous dealer onboarding by all our teams on the ground.

And as I said, in the industrial segment, we have a good headroom, and we are looking at all opportunities to leverage on that. And on the export side, while the scene looks a bit muted now, we are ready with all the new platforms with all our OEMs -- with the current OEMs that we are participating with.

And so going forward, we should be seeing good opportunities. Other than that, we are also looking at increasing our customer base in the regions of not only North America, but diversifying it with other geographies and in Europe and other places. So I think overall, we are trying to diversify in terms of geography, in terms of products and in terms of ranges. This is what we are looking at from a growth perspective.

Management: See, on the wind energy portion, while you had asked for growth drivers, while the initial phase of expansion was over, which has helped us to move from INR200-and-odd crores per annum to now INR350 crores plus, I think we are in for the third phase of expansion where already we have committed INR75 crores plus with respect to the expansion.

So I think that will help the wind energy segment to grow. And with respect to railways and defense, while we have been supplying, I think it's still more in the start-up phase and probably in the next 2 to 3 years, it should help in adding sizable amount of revenue.

In terms of the aerospace, while we were doing, say, \$2 million to \$3 million, I think with the drive and presence in aerospace segment and where we have also got accreditation from NADCAP, that has helped us in terms of moving it to say, \$6 million to \$7 million. So we are working in that direction, and we should see that growing to INR100 crores plus in the next 2 to 3 years. These are the growth drivers we are working on.

Pankaj: Great quite helpful. And just quickly, this quarter was just 2.5% top line growth. For the whole year, what's your sense? Should we move into double digits? Or what's the outlook for the remainder of the year?

Management: We have reported 4% growth in Q1 and -- largely arising out of domestic market, but should the exports also revise and conditions improve, and then definitely, 8% to 9% is the direction.

Pankaj: For the whole year?

Management: For the whole year, yes.

Moderator: The next question is from the line of Mukesh Saraf from Avendus Spark.



- Mukesh Saraf:** I'll just ask a couple of questions until we have people in the queue. First up, sir, you had mentioned about tariffs and the fact that most of the customers have been accommodative. But could you give some more sense like are there any customers where we have to bear some portion of the tariff? Could you just give more color on that, sir?
- Management:** No. At this point in time, there are no cases where we've been asked to bear and customers have been supportive. And while understandably, they are not giving a clear commitment in terms of saying that they will sell 100%. The composition also keeps changing depending on the situation emerging there month-on-month. But in Q1 so far, we have been good with all our customers.
- Mukesh Saraf:** Understood. And also, you had mentioned about Europe. I think historically, Europe is not a large portion of our overall exports. Any sense what is it now? I mean, how much of our overall exports is now non-U.S.?
- Management:** So with respect to Europe, Mukesh, it would be about 15% of our overall exports. And U.K. would be another 5%. So between the larger Europe combining with U.K., we will be looking at 20%.
- Mukesh Saraf:** Okay. And are we like kind of in terms of looking at further new business here, specifically from Europe, U.K., these kind of geographies as a longer-term goal, are we seeing any traction there? There is also the U.K. FTA. So any clarity or any visibility there that this business could grow significantly for us?
- Management:** Yes. See, as far as the U.K. FTA is concerned, I think it's too early to talk on that. But definitely, we see opportunities there. I don't discount that. But on the Europe side, yes, we are looking at new customers and expansion in our Europe geography.
- Mukesh Saraf:** Okay. But it's not like -- I mean, this year, is it like a near-term benefit we can see? Or is it more longer term?
- Management:** I would say it is medium term because given the nature of our products, the time to start up production from the development from the word go is a bit high, as you know. So I think it would be -- I would call it a medium term and a sustainable.
- Mukesh Saraf:** Understood. And on the domestic business, I think in one of the answers you had mentioned about product mix being better and the fact that we are also now with more SUVs vis-a-vis historically being with more hatchbacks. So is this a trend we can expect to continue? And the reason I'm asking is in the last couple of years, we have underperformed the domestic market.
- This quarter, we have started outperforming it. So should we say that some of your efforts are already yielding results? And from here on, we can continue to outperform the domestic market



with more SUVs and maybe more business with some of the customers which are seeing growing market share?

Management: Yes, Mukesh, that is our sense, too. Yes.

Mukesh Saraf: Okay. So that -- so we can expect this to continue.

Management: We can expect this to continue where the industry shift is towards the higher end in all the segments, sub-segments. So we hope to get the benefits of that.

Mukesh Saraf: Understood. And in continuation with domestic business itself, we are also seeing a lot of domestic OEMs launching EVs, Mahindra, Tata, Hyundai, all of them. So because we already have some of these products on the shafts and on the differentials, etcetera, are we seeing any traction in terms of supplying these driveline products for domestic passenger vehicle EVs as well?

Management: Yes. I think in quite a few of our product ranges, we are looking at opportunities in EV, where the product nature is also not very much different from that needed for the ICE engines. And in some product ranges where it has to be distinctly different, also we are working, but that is a bit of a slower process.

Moderator: The next question is from the line of Sahil Rohit Sanghvi from Monarch Network Capital.

Sahil Sanghvi: My question was largely on the margin front. So while I appreciate the reasons that you've highlighted in the opening remarks for better margins also this year. But I wanted to understand what will be those factors that will help us reach that 17%, 18% mark that we used to have, say, a couple of years back? Are we still -- do we still believe that we can reach that mark in, say, a year or 2? And what will be the factors contributing to that?

Management: Once the traction improves in the export segment and where the realization are historically higher, the margin will definitely improve. The second factor for margin expansion is the stability or further reduction in raw material price.

And as we have said several times, the raw material prices, especially steel rods and bars, which were around INR45,000 to INR50,000 2 years back, had moved up to INR85,000 to INR90,000, and now they have stabilized around INR70,000. So until they roll back, this further expansion is unlikely.

The third driver is, of course, the operational efficiency is our constant endeavor and with yield improvements and changing the procurement mix, depending on the segment mix also as we sell more in the aftermarket, the cost of raw material tends to be lower.



And also, again, depending on the product mix, the indirect material and the subcontracting operations, they also undergo a change, depends on the product actually. So there are many considerations. So operationally, we have room for margin expansion and the revival of the exports.

The one significant piece is, of course, the raw material costs, which I explained. So these are the three drivers. And getting back to 19%, 19.5% may be a challenge, but definitely, there is room for another 1%-odd.

Sahil Sanghvi:

That's good. Secondly, sir, on the other income, we have a big number this quarter. So if you can help me understand, is it -- what is the composition over there? And is it something which is a little one-off or I mean, one-off in the sense not recurring?

Management:

Yes. Partly, yes, there have been settlement towards insurance claims and also the higher realization from our euro receivables and GBP receivables may not be there in subsequent quarters. But then having said that, the euro-INR, GBP INR fairly weak, and our revenues are accruing at the current level, so there will be a bit of reduction, but not as high as what we report.

Sahil Sanghvi:

Got it, sir. And I believe the program that you had on capex is something that will maybe end this year or partly next year. So FY '28, do we see any major capex? Or would it be largely maintenance?

Management:

No, we will have growth. It's a combination of both. Typically, we have seen from experience about 25% of our capital expenditure replacement. So that will continue. And selectively for specific customer requirements, we expand capacity.

Moderator:

The next question is from the line of Nihaar Shah from Ikigai Asset Managers.

Nihaar Shah:

Just continuing on the previous question on the margins front, we've kind of gone back to closer to the 60% gross margin that we used to do a couple of years back. But there seems to be a drag in terms of our operating structure, right? I know while you mentioned that we are kind of focusing on operational efficiency and yield improvement. Could you just call out the factors which is leading to this deterioration of cost structure between gross margin and EBITDA?

Management:

So between gross margin and EBITDA, we have 3 or 4 major elements. The stores and tools, our indirect materials which is a major component. Subcontract, which is another major component, and we have repairs and maintenance, we have power cost and freight cost.

If -- like I explained, the repairs and maintenance have been a bit lower this quarter because sometimes these are need-based and apart from routine maintenance, some of the overhaul or inspections may not happen every quarter unless there is a need, which was there in Q4 and -- which is not there now.



And like I explained, the international freight costs compared to June '24 have dropped by more than \$1,000 if you are exporting from Chennai to Michigan. And also the favorable supply of renewable energy in the power exchange this year. Hydropower supplies increased, therefore, the costs have fallen in the exchange.

So all of this have helped. And apart from this, the product mix has played a role in lower consumption of indirect materials and our subcontracting operations. So all this have helped to expand the margin at the contribution level. And our fixed costs have remained fairly stable. And whatever expansion in the contribution level, which we have seen have completely passed through to the EBITDA.

Nihaar Shah: Okay. Because if I just compare it to your performance last year or even the same time last year, the same quarter, while we've seen improvement in gross margins this quarter, that doesn't seem to be flowing through to the EBITDA. So just -- and we've had the benefit of better freight rate...

Management: Can you speak a bit louder or come near the speaker, we're not able to hear you.

Nihaar Shah: So while we've seen benefits on freight and like you mentioned on power as well, the benefits of improvement in gross margins aren't seeming to flow through to EBITDA. So just was wondering if there is anything that is a drag in case in the cost structure here?

Management: So nothing specific. Like I explained, the contribution for which you are not able to see probably in the financial results have improved by 2%. And that is the improvement we are seeing in EBITDA compared to Q4. I'm comparing with Q4, not corresponding...

Moderator: As there are no further questions, I now hand over the conference over to management for closing comments.

Management: Yes. No further comments, nothing specific.

Moderator: Thank you. On behalf of Avendus Spark Institutional Equities Private Limited, concludes this conference. Thank you for joining us, and now you may disconnect your lines.