



Sundram Fasteners Limited

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PRESS RELEASE

Sundram Fasteners Q2 Net Profit jumps by 37%

Sundram Fasteners Limited (Standalone) has posted an appreciably increased net profit of Rs. 97.36 crores for the quarter ended September 30, 2020 as against Rs. 71.07 crores during the same period in the corresponding previous year, an increase of 37%. With the gradual opening up of the economy post lockdown, there has been an upward trend in the OEMs production levels. The company has efficiently managed its supply chain and operating costs. The operations in its factories have gradually increased to three shifts to meet the improved demand. The Company believes that the festive season and increased industrial activity augur well for the continued better performance.

Standalone financials

The revenue from operations was at Rs. 766.85 crores for the Quarter ended September 30, 2020 as against Rs. 766.82 crores during the same period in the previous year.

The domestic sales for the quarter ended September 30, 2020 were at Rs. 483.88 crores as against Rs. 450.01 crores during the previous year showing clear signs of improvement in the domestic demand.

The export sales for the quarter ended September 30, 2020 were at Rs. 260.28 crores as against Rs. 290.88 crores. The export market has been slower to pick up.

The earnings before interest, taxes and depreciation (EBITDA) for the Quarter ended September 30, 2020 was at Rs. 167.52 crores as against Rs. 145.35 crores, an increase of 15.3%.

The Company has posted a higher EBITDA % on revenue from operations at 21.8% as against 18.9%. This has been due to stable material prices and stringent cost control measures adopted by the Company.

The finance cost for the quarter ended September 30, 2020, after accounting for exchange gains amounting to Rs. 5.40 crores, was at Rs. 0.06 crores. The lower finance cost was attributable to the sharp reduction in the borrowings during the quarter. The Company has a strong balance sheet with an all-time low debt-equity ratio of 0.28.

The Earnings per share for the Quarter ended September 30, 2020 amounted to Rs. 4.64 (Last year same period Rs. 3.38).

Consolidated financials

The Company's consolidated revenue from operations posted for the Quarter ended September 30, 2020 was at Rs. 889.33 crores as against Rs. 889.18 Crores during the same period in the previous year.

The consolidated net profit for the Quarter ended September 30, 2020 was at Rs. 103.64 crores as against net profit of Rs. 71.33 Crores during the same period in the previous year, an increase of 45.3%.

After the impact of Coronavirus Pandemic, the activities of the plant of Sundram Fasteners (Zhejiang) Limited, China, the step-down overseas subsidiary have returned to normal levels.



Dividend

The Board at its meeting held today, declared an interim dividend of Rs. 1.30 per share (130%) for the year ending March 31, 2021.

Capital Expenditure

The Company proposes to spend about Rs. 150 Crores towards capital expenditure for the Financial Year 2021 as part of capacity expansion of existing lines of business. The Company has already incurred Rs. 63 Crores towards capital expenditure for the half-year ended September 30, 2020. The Company will be prudent about its capital expenditure program for the current Financial Year.

Unit at Sri City, SEZ

Sundram Fasteners Limited had set up a SEZ Unit at Sri City, Andhra Pradesh with an initial investment of Rs. 100 Crores.

The new Unit has received an order from a leading European manufacturer to manufacture and export high precision engineering components.

The SEZ Unit is developing parts for hybrid Electric Vehicles which is expected to give further thrust for the export business of the Company.

Aerospace and Defence Sectors

The Company proposes to de-risk its business model and shelter itself against the cyclical nature of the auto industry. The Company is focussing on non-auto segment such as aerospace and defence sectors.

In order to further SFL's growth in non-auto segment, the Company incorporated a wholly-owned subsidiary named 'TVS Engineering Limited'.

TVS Engineering Limited would manufacture wide spectrum of forged, machined parts, missile parts, precision machined parts, titanium and stainless steel fasteners, torsion bars, transmission parts and engine parts like con rods, crank shafts engine liners pumps & critical fasteners.

The Company has earmarked Rs. 100 crores of its capacities for defence opportunities.

Setting up of Plastic Division by TVS Upasana Limited

TVS Upasana Limited, a wholly-owned subsidiary of the Company has commenced a new Division at its Plant located at Vallam Vadagal, Sriperumbudur, Kancheepuram District with an investment of Rs. 17 Crores proposed to be spent over a period of next 3 years. The new Division has been set up to manufacture radiator cap cover, radiator cap housing, radiator cap lid and filter element parts. The products manufactured by the Company will be supplied to domestic as well as MNC customers.
