



Sundram Fasteners Limited

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May 12, 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 May 6, 2025

Further to our letters dated April 30, 2025, and May 6, 2025, on the subject, please find attached the transcript of the Analysts / Investors meet held on **May 6, 2025 (Tuesday)** 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 Q4 FY25 Earnings Conference Call”

May 06, 2025



Sundram Fasteners Limited

Avendus[^]
Next is the only level



MANAGEMENT: **MR. 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**



Moderator: Ladies and gentlemen, good day and welcome to Sundram Fasteners Q4 FY '25 Earnings Conference Call hosted by Avendus Spark. As a reminder, all participant 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 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. Thank you and over to you, sir.

Mukesh Saraf: Thank you, Avirat. Good morning, everyone. Mukesh Saraf here from Avendus Spark. I appreciate everybody logging in. From the management team, I'm pleased to host Mr. Dilip Kumar, Chief Financial Officer; Mr. S. Bharathan, Executive Vice President, Marketing, Mr. R. Ganesh, Vice President, Finance and Projects.

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

Dilip Kumar: Yes. Thank you, Mukesh. Good morning to all and welcome to our discussion on our annual results for the financial year ended 31st March '25. First, the good news we have crossed this milestone of INR5,000 crores in history of the company. We closed the year at INR5,231 crores. The other major item I would pick which I have noticed in the results also is the inventory buildup which we have made in anticipation of the U.S. demand from our key customers. Notwithstanding the tariff, things are not bad.

And we have built quite a bit of inventory in anticipation of that demand, which has also pushed up some of our cost conversion costs. And as you also know that at any point in time, we have a large number of new products under development. And we've also had a significant capital expenditure this year. So a lot of [inaudible 02:04] incurred by way of expenditure.

And we've closed the year with a profit before tax of INR668 crores. And after accounting for the exceptional income of INR12.5 crores which arose out of testing the performance of the overseas subsidiaries for impairment for which we have got a provision in the earlier years, we have reversed some of those provisions and we finished the year at INR680 crores.

And after the effective tax rates have slightly come down because of the repairable tax assessments. And the profit after tax at INR517 crores with an 8% growth in the EPS is the highest in history of the company. Now coming to the quarterly performance. Again, we have



registered INR1,362 crores, which is highest for us for the quarter. And like I explained, there has been the significant inventory buildup which has increased some of the conversion costs.

And as inventories get liquidated, we expect this to get corrected and the -- both the contribution and EBITDA margin to resume its normal trend. And the fixed costs, good news for us it has been stable across the quarters and the borrowings have gone up because of the working capital buildup which we made in terms of inventory and receivables and also the higher capital expenditure. And we finished the quarter with -- after accounting for the exceptional income at INR134 crores, which again is the highest in history of the company.

With this -- and I think again all our subsidiaries have done reasonably well. Like I said, the overseas subsidiaries, impairment testing was done and therefore the valuation came very positive and we took a credit for the exceptional income. And on our -- both our domestic subsidiaries have done reasonably well.

With this, I bring my opening remarks to an end. We are happy to take questions from the analysts. Yes, we are happy to take the questions now.

Moderator: Okay. Sir, I would request you to speak a bit louder. You're not very audible.

Dilip Kumar: Yes. I'm as loud as possible, as close as possible to the phone. So I will do my best. I finished my opening remarks.

Moderator: Okay, we will start with the Q&A, sir. Yes, sir.

Dilip Kumar: Yes.

Moderator: Thank you very much. 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, thanks for the opportunity and congratulations on the great set of numbers, sir. In the previous call, you mentioned that just by offering a lower price a customer would not switch the business. So in a business like Sundram Fasteners, when does a -- like a customer never ever switching his business. So what are the switching costs for a business like Sundram Fasteners?

Dilip Kumar: Yes. Switching cost is not an easy proposition for the customer because it requires product validation. And typically it takes more than a year and also a considerable amount of money. And so the customers are always wary of switching from one customer, one supplier to another supplier for a few cents here and there. They would rather work with the existing supplier if it's some commercial reason.



So it is not easy, especially for a product like ours where there's a lot of design and engineering and value addition is there for customers to simply switch. It may happen in the aftermarket, but not in the OE business.

Rushabh Shah: Sir just a follow-up on that one. In the aftermarket segment, how good are we in the industry?

Dilip Kumar: Sir, can you repeat your question, please?

Rushabh Shah: In the aftermarket segment, how good are we in the industry?

Dilip Kumar: How good are we in the industry?

Management: So I think we have done well last year as expected. And March was a very good month. So as expected April was a bit down, but on the aftermarket, by and large we've been expanding our network distribution as well as on the direct industrials we are having a good growth.

Rushabh Shah: Okay. So my second question is in the previous call you mentioned that you have entered into spaces like aerospace and defense, mainly to upgrade in terms of quality and global competitiveness. So how is that space working out for us, sir?

Management: I think, with respect to aerospace we have presence through fasteners and we supply materials to customers like either General Electric or HAL. And these predominantly form part of usage of exotic materials and in that space we are able to penetrate and gain share and grow the business. So from a current level of approximately 3 million, we will be looking at close to 6 million in the coming year.

And we have plans to grow that to 8 million to 12 million. With respect to defense, I would say that we are still in the start-up phase with respect to development of parts and validation at customer end.

Rushabh Shah: Okay. Sir, my last question is what are the top three or four priorities you will have for the next 3 to 4 year?

Management: I think with respect to the top priorities, I think growing with our existing key customers, gaining share of business and working with them on their new platforms, either the conventional ICE or the EV or whatever new models that are planned by the customer, we will work with them. Apart from that, we are focusing on non-auto segment, especially in the areas of wind energy, railways and aerospace. So these are the broad sectors or areas in which we will be working in the next 3 to 4 years.



- Rushabh Shah:** Got it. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Abhishek Jain from AlfAccurate. Please go ahead.
- Abhishek Jain:** Thanks for opportunity. Sir, how was the revenue mix in export versus domestic in this quarter?
- Management:** With respect to the revenue split it's about 70% coming from domestic and 30% from exports. So that has been the quarterly mix for the current year.
- Abhishek Jain:** Okay. And in export, if you can throw some light what kind of the tariff charges imposed on your product. And how do you see the challenges over there and the current situation, if you can throw some light?
- Management:** As far as tariff is concerned, I think it's still work in progress. Most of our customers, especially the major customers have not yet firmed up their responses, as the tariffs on their specific parts are not very clear as yet. And they are working out their responses. In fact, most of them have not even approached us for any, with any proposal, but that said, we are definitely expecting customers to come to us on tariffs going forward.
- As of now, only from customers with whom we don't have much of an exposure have approached us for any tariff-related issues. And the major customers are still assessing the situation.
- Dilip Kumar:** I think -- just to supplement my colleague. I think the OEMs are bracing themselves for their profits to take a hit because I think they are looking to bare the significant portion of the tariffs. And I think we've also been hearing, seeing the media they have cut the dealer incentive, the prices, retail prices, consumer prices are going up. I think they have been always been supportive of the supply chain and that's the positive statement which have emanated from the global OEMs so far.
- Abhishek Jain:** Great. And my next question on this non-auto segment as you are quite focused on the expanding business in wind and aerospace, if you can throw the light. What is the current revenue contribution from the non-auto segment and what's your medium- to long-term guidance for the revenue from non-auto segment?
- Management:** See. I think, with respect to non-auto at the moment, we would be close to one-third of the revenue comes from the non-auto segment. And while the aspiration is to take it up to 50%, but the immediate focus is on growing the wind energy business, where in our earlier calls we had mentioned about -- close to an investment of INR85 crores to INR90 crores.



That project is up and running and we have been able to meet the customer requirements. And based on the performance, customers have come back and we are on the negotiation table for furthering the revenues and taking the next phase of actions. And with respect to next phase of actions, we are also planning for further investments to grow the business, so from a current level of INR300-odd crores, aspiration is to take it to INR600 crores in the wind energy space.

Abhishek Jain:

Okay. And sir my last question on the product-wise standalone numbers like fasteners, pumps and assemblies and which segment you are more positive in terms of the growth in the next 2 years?

Management:

I think with respect to growth, we will be working on all the engines of the Sundram product range, where be it fasteners, be it pumps and assemblies. So we would be growing in each of the segments along with the customer growth in terms of organic as well as growing the share of business. So it is not that we will be growing only one particular segment. That has not been our strategy.

So we would work with the customer in all the product segments. And if you look at fasteners, where we are at present 35% to 40% of the total revenue, followed by caps and machined assemblies at 30%. So we will continue to work with the customer.

Abhishek Jain:

Thank you, sir. That's all from my side.

Moderator:

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

Sahil Sanghvi:

Yes. So, sir my first question is with respect to whatever developments has happened on the tariff front and overall demand in the U.S. I just wanted understanding on are we still targeting the INR200 crores, INR250 crores of revenue from the EV business in FY '26 and will that meaningfully scale up to its full potential INR450 crores in the next year? How should we see this scale up?

Management:

See. I think at this point in time, it's anybody's guess, but however even prior to these tariff concerns. On the EV side, we're just hoping that things will happen. There is -- there were some push backs and things have started moving now, but with these tariff issues coming up, there seems to be some delay and some slowdown in the EV side as well. But then from next quarter at least we are hoping that things would improve, but still the last word is not set on that.

Sahil Sanghvi:

So if you expect the commercial sales to start from 2Q FY '26. Is that understanding correct?

Management:

Can you repeat the question, please?



- Sahil Sanghvi:** You expect commercial sales to start from 2Q FY '26. Is this understanding correct?
- Management:** See I think with respect to commercial sales, it has already started. So the product development, approval and commercial sales have started. I think the question from your end was whether it would be at the...
- Dilip Kumar:** Targeted levels.
- Management:** Targeted levels. There we are seeing a little bit of slowdown in view of the Trump and tariff effects, but it will pick up as indicated by customers starting from Q2 and Q3 of current year.
- Dilip Kumar:** One other point sir is that well for capacity planning and capital expenditure purpose, we have a program life of 5 years, but some of our -- based on past experience we know that some of the products have much longer lives, something like more than 10 years in some of the cases where we've been supplying products. So we don't have to worry about the predefined time frame of 4 years or 5 years. These will have fairly long cycles. There may be temporary turbulence in the market. Once these trade tensions abate, the long-term indications and projection trend will continue.
- Sahil Sanghvi:** And sir, any kind of budgeted target for exports in this year, FY '26?
- Management:** I think, the current year budget, we would be looking at close to say 200 million. So that's the number which we are looking at.
- Sahil Sanghvi:** Got it, sir. I will come back in the queue sir if you have anything. Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Rajeev Bhansali from Omkara Capital. Please go ahead.
- Rajeev Bhansali.:** Good morning sir. Sir, my question is regarding the capex done this year which is around somewhere INR396 crores. And can you throw some light on the next year capex plans?
- Dilip Kumar:** Yes. So based on the current indications and the internal plans which you have made, we should be incurring another INR300 crores of capital expenditure, minimum.
- Rajeev Bhansali:** And what about the current capex done this year like, did we improve the current capacities or it was regarding the new non-auto segments of aerospace and others wind energy you mentioned?



- Dilip Kumar:** This will be broad-based, sir. This has been for our traditional fastener business, aerospace and also for the wind energy fasteners. This would be spent across all our businesses.
- Rajeev Bhansali:** Okay, sir. And coming back to the inventory buildup you mentioned. So are you seeing some traction from the current clients or is it regarding the domestic market or regarding the exports you are saying?
- Dilip Kumar:** We have built a bit of inventories while keeping the overseas market in mind.
- Rajeev Bhansali:** Okay, sir. Thank you.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Dilip Kumar:** Yes. So we have nothing further to add. And we thank all the analysts for having joined the call. And we look forward to interacting with them, investor conferences and in the coming quarterly calls.
- Moderator:** Thank you. On behalf of Avendus Spark, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.
- Management:** Thank you.
- Dilip Kumar:** Thank you.