



Sundram Fasteners Limited

REGISTERED & CORPORATE OFFICE
9B-A, VII FLOOR
DR. RADHAKRISHNAN SALAI,
MYLAPORE, CHENNAI - 600 004, INDIA
TELEPHONE : +91 - 44 - 28478500
PAN : AAACS8779D
CIN : L35999TN1962PLC004943
WEBSITE : www.sundram.com

Email: investorshelpdesk@sfl.co.in

September 23, 2021

National Stock Exchange of India Limited (NSE)

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

By NEAPS

BSE Limited (BSE)

Scrip Code - 500403
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai – 400 001

By Listing Centre

Dear Sir / Madam,

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcripts of an interview given by Ms Arathi Krishna, Managing Director of the Company to "The Business Line".

Please take the above information on record.

Thanking you,

Yours truly,
For SUNDRAM FASTENERS LIMITED


R Dilip Kumar

Vice President – Finance & Company Secretary

'Auto parts sector on recovery lane'

With the forthcoming festival season, Q3 looks promising, says Arathi Krishna

G BALACHANDAR

Chennai, September 22

Sundram Fasteners Ltd (SFL), one of India's top auto parts makers, posted a strong operating performance in the recent quarter amid the challenges posed by the Covid second wave. The gradual opening up of the economy from the second quarter of FY21 helped create an upward trend in demand as vehicle makers ramped up their production levels. This has augured well for the parts makers. Arathi Krishna, Managing Director of Sundram Fasteners, discusses the demand recovery, prevailing challenges, opportunities in the EV space and export growth. Excerpts:

How has been the recovery in demand for auto parts makers?

Our order book remains healthy and is improving with industrial, power generation and farm sectors growing rapidly. Auto parts manufacturers are likely to see a swift recovery in demand during the third and fourth quarter of FY22. The recovery is also expected to offset (if not fully) the loss of revenue during the first quarter.

The domestic OE segment order has reached near normal levels – 80-85 per cent of pre-Covid levels, except for the CV segment (especially heavy commercial vehicles). With the forthcoming festival season, Q3 looks promising, and the momentum is expected to last till Q4 of FY22. The replacement market has been showing good recovery and this helps SFL as we have a presence across the country. The accumulated material in the channel, which is secondary sales, is getting liquidated.

On a Year-on-Year basis, all the industry segments have fared better in August 2021 with passenger vehicle and the tractor segments doing better than August 2019 levels. We may experience a significant uptick during the forthcoming festival season, if only the chip and other shortages are taken care of. Exports are doing well too as customers from the US and Europe are looking at India as against traditional sources like China and Taiwan.



Has the semiconductor shortage issue and the associated challenges

in auto manufacturing impacted the whole auto parts industry?

Semiconductor shortage is a real threat and likely to remain a challenge for the next one-to-two years on account of capacity getting diverted to lucrative areas like mobile phones, laptops, computers, etc.

It has caused light vehicle production cuts of 5.16 million worldwide, which could rise to 6.3 million before year-end. North America alone has added another 78,000 cuts, bringing the total unproduced vehicles to 1.68 million.

This number is expected to rise to 1.98 million before the end of this year. The Indian industry which looked insulated hitherto is also getting impacted significantly both directly and through some Tier 1 manufacturers.

Semiconductor shortage is a real threat and likely to remain a challenge for the next one-to-two years on account of capacity getting diverted to lucrative areas

ARATHI KRISHNA
Managing Director
Sundram Fasteners Ltd

Which are some of the auto segments that show sustainable recovery trends?

Tractors, commercial vehicle and the passenger vehicle (PV) segments are showing sustainable recovery trends. The chip shortage situation is affecting PV business in the short run and is likely to get resolved and reach predictable/stable levels by the end of Q3. The two-wheeler segment has been hit due to drastic cost increases, in view of new regulatory requirements.

The flurry of Electric Vehicle (EV) scooter launches has also created a dent in the demand for Internal Combustion Engine (ICE) variants, as many new customers are holding back purchases, with a hope that EV will become more lucrative price-wise, in the coming years. Two-wheeler urban penetration levels are very high, and demand is primarily a replacement phenomenon, and most of the urban market customers tend to view EVs positively.

How is your EV business progressing? Are you supplying to both Indian and global OEMs?

The transition to EV and BS VI impacts technology especially in the emission control area and

not much with respect to the products portfolio of SFL. However, as part of an overall portfolio expansion, SFL is looking at non-auto segments like aerospace, defence, wind, solar, among others. As far as EVs are concerned, we have not had any major impact till now. However, SFL has pretty good opportunities like shafts (rotor and intermediate assembly), gear blanks, differentials, electric oil and water pumps.

'We are stratifying our current portfolio into three broad categories from an EV perspective and working closely with the customers'

Therefore, SFL will continue to post healthy growth during this transition as well. We are also stratifying our current portfolio into three broad categories from an EV perspective and working closely with the customers. The segments include parts that can be adapted to EVs with no or minimal changes, parts that can be adapted with significant changes and parts that have to be completely re-designed.

Are you getting new businesses as a result of the "China+1" strategy of global OEMs?

We are focussing on a diversified product range from EVs to non-autos, including aerospace, defence, wind, solar, etc.

We are deepening our engagement with existing customers and also participating in the new projects, in which the customers are foraying into, while at the same time we are getting into new territories and geographies uncharted earlier.

Further, there seems to be quite a good flow of Request for Quotations (RFQs) from Europe, as they look at India as a viable and effective alternative to China.

