

# SUNDRAM FASTENERS LIMITED



Sundram Fasteners Limited

## Company Background

Sundram Fasteners Ltd. is a part of the TVS Group and was established in 1966. Currently, it is one of the leading auto component manufacturers in India. The company manufactures high-tensile fasteners, automotive components, automotive and other miscellaneous cold-formed parts, powder metal parts, precision-formed gears, iron powders, radiator caps, gear shifters and tyre carriers.

The company has eight manufacturing locations in India and four abroad. Besides India, it also caters to the markets in Germany, the UK, Italy, Switzerland, Belgium, the USA and the ASEAN region. General Motors, USA, gave it the 'Supplier of the Year' Award in 1996, 1997, 1998, 1999 and 2000. The company's list of customers includes Caterpillar, Cummins Engine, Daimler Chrysler, General Motors, Valeo, ZF, etc.

The company recorded sales of EUR 197.7 million in the fiscal year 2005-06.

## Sundram Fasteners in the EU

### Sundram Fasteners in the UK

Sundram Fasteners started its operations in the UK in December 2003. It acquired the precision-forging business of Dana Spicer Europe, valued at EUR 2.15 million. Cramlington Precision Forge Limited (CPFL) is currently a fully owned subsidiary of SFL. This acquisition enabled the

company to increase its customer base in Europe. The revenue earned by CPFL for the year ending 31 March 2005 was EUR 4.82 million, with a total of 50 employees working in the company as on 31 March 2005.

CPFL's factory is located in Northumberland, UK, and it is engaged in the production of precision-forged components for heavy vehicles for on-highway and off-highway applications. CPFL has an impressive client list and supplies clutches to blue-chip companies such as MAN, DAF Trucks, Albion Automotive, Scania and Parker in Europe. It is one of the three companies in Europe that produce heavy-duty precision-forged differential gears. Currently, CPFL is making investments for improving its product range and machine capabilities to increase its sales and profits over the next two years.

### Sundram Fasteners in Germany

Sundram Fasteners acquired a 100-per cent stake in Peiner Umformtechnik GmbH, Germany. Peiner makes fasteners for the automobile, industrial and construction sectors. This deal is strategically important for Sundram Fasteners, as it not only enhances its capabilities in high-tensile fasteners for the automotive industry, but also provides it with the construction fasteners facility. Peiner, which had sales of EUR 46.90 million and an 18,000-tonne capacity, employed approximately 325 personnel in 2005. The company's customer base includes DaimlerChrysler, BPW, Renault, DAF Trucks and Reyher.

## Factors for Success

### Synergy with Indian Operations

Synergies between Indian and EU operations have been the reason for CPFL's success in the EU. Auto companies in EU and the USA are facing cost pressures and are increasingly looking at low-cost manufacturing bases such as India. Therefore, SFL reduced product cost by carrying out back-end operations in India, thereby making CPFL cost competitive. In addition, CPFL and Peiner are providing SFL with a better understanding of the EU market, facilitating SFL in keeping pace with the latest technologies.

### Focus on Employees

SFL is among those companies in the EU that have followed best practices in human resource development. The company places special emphasis on its employees. Its management team has regular one-to-one interactions with workers three to four times a year. Discussions revolve around the company's position pertaining to finance, profit and loss, strengths, weaknesses, goals and targets, etc. This creates an open environment in the company, with employees actively participating in achieving the company goal.

## Future Plans

### Expansion in Operations

SFL is planning to expand its operations in the EU through new investments and diversifying the product range of CPFL and Peiner. CPFL is expecting to double its sales by 2007. In addition, SFL is exploring the possibility of using the distribution network of its UK subsidiary to market products that are being manufactured in India.

### Expansion in Client List

Besides expanding the range of products to be supplied to the existing EU customers, the company is also planning to add new clients such

as Bosch, CM Holden, Scania and Volvo. It is also expanding its operations in France through its newly acquired subsidiary in Germany.

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