

## Sundram Fasteners to Step Up Investments

Suresh Krishna, Chairman, Sundram Fasteners Ltd (SFL), has revealed that the company will move ahead with fresh investments despite the current economic downturn that the automotive sector is going through. Recently while addressing the company's shareholders in Chennai, Krishna said that the auto industry is cyclical in nature. Downturn was bound to happen at some point of time and businesses should be able to manage both good and bad returns.

He elaborated that Sundram Fasteners wouldn't shy away from investments. The company invested ₹440 crore in 2018-19 and plans to invest ₹350 crore in 2019-20. The investments will pay rich dividends when the economy and the auto sector get back on track, he added.

Arathi Krishna, Managing Director, Sundram Fasteners, said that her company was able to tide over such situations as it has diversified its business ventures through retail and exports which together account for around 45 percent of the company's sales.

Domestic sales fell to ₹557.22 crore in the first quarter ending 30 June (Q1) from ₹614.29 crore in the corresponding period a year ago.



Interestingly, exports in the first quarter this year grew to ₹348.28 crore from ₹321.71 crore in 2018.

SFL has also floated a subsidiary named Sunfast TVS to tap opportunities in defence and aerospace sectors. Arathi was confident that the new company would clock ₹100 crore within the next two years.

Sundram Fasteners is not just a fastener company any more, but a broad-based engineering company capable of undertaking manufacturing of various components and assembly systems for automotive and other engineering applications in India and abroad, she added. Today, of its around ₹4,002 crore revenue, only 30-35 percent comes from fasteners.

## Businessmen Protest Delay in GST Refunds

Ludhiana businessmen are unhappy with the delay in getting GST refunds and have blamed state and central GST departments. With inordinate delay in getting refunds affecting their working capital, they are desperately seeking a solution.

Raj Kumar Singla, President, Fasteners' Suppliers' Association, said that whether it is state GST (SGST) or central GST (CGST) department, refunds are not happening on time. He further added that years old VAT refunds were still pending with the tax department even after VAT was scrapped. In addition, GST refunds worth crores of rupees have been piled up.

Pointing out that GST refunds served no benefits when situation of refunds were same as earlier, Singla said that his association has decided to approach Punjab finance minister Manpreet Badal to

apprise him of the problem and seek a solution.

Harish Kairpal, Finance Secretary, Knitwear Club, said that if the trend continues then industry wouldn't be able to survive for long. Munish Sachdeva, a fastener manufacturer said, "We are conforming to all the rules and regulations of the GST law, but still are unable to get refunds on time. The biggest problem is that it is part of our working capital and any kind of delay means that amount is blocked with the government. As a result, we face fund shortage and our businesses suffer."



## Auto Sector Waits to Gather Steam

Automotive sector has been witnessing headwinds with the sale of passenger vehicles plummeting by over 30 percent. Automobile and auto component sectors see the road to recovery getting difficult by the day.

Lumax Industries, a market leader in automobile lighting solutions has recently laid off around 500 contractual workers in its manufacturing units in Haryana citing poor demand from automakers. With a 20 percent drop in its revenue, Lumax has joined the growing list of component manufacturers that have downsized workforce and trimmed production.

Makers of springs used in vehicle suspensions, Jamna Auto Industries, revealed that it may close down its plants due to stagnating demand. Bosch Ltd has decided to restructure its business with the slowdown decelerating production. Vineet Sahni, CEO and Senior Executive Director, Lumax, said that the slowdown was significantly high and the drop in the revenue is forcing companies to shut their plants.

Small businesses are highly impacted by the sales slowdown. The share of SMEs in auto components is around 30 percent of the turnover and many of them are in fastener production business. Expansion and modernization have been kept on hold. As per Society of Indian Automobile Manufacturers (SIAM), almost 15,000 workers have lost their jobs in automobile manufacturing companies.

The slowdown in the auto sector has had a cascading effect on the economy, causing hardships to small businesses which are in the business of providing logistics and raw materials to the manufacturing sector. Truck business has been hit with many not getting orders for ferrying raw materials.

## Vedanta Eyes Top Slot

Vedanta Ltd., a subsidiary of Vedanta Resources Ltd., after having forayed into the steel business, now aims to be among the top four steel makers in India. The company is planning to expand its steel capacity to 10 MTPA from the present 1.5 MTPA in the next five to six years.

In June 2018, Vedanta acquired Electrosteel Steels Ltd (ESL), a primary producer of steel and downstream value-added products for ₹5,320 crore. ESL has a greenfield steel plant with a capacity of 1.5 MTPA near Bokaro in Jharkhand state.

Soon after ESL acquisition, Vedanta, with an investment of \$3-4 billion, announced capacity expansion of the Bokaro plant in phases. However, ESL wanted a turnaround before any capacity expansion, which was achieved through operational and commercial initiatives and rebranding of products. At the end of the last fiscal, the company posted an EBITDA of \$130-140 per tonne, as against \$65 per tonne at the time of the acquisition. Production stood at around 1.2 MT at the end of FY2018-19, posting 17 percent year-on-year growth. Aiming for a profitable portfolio, the steel maker has now launched a rebranded steel product mix comprising TMT bars, wire rods, ductile iron pipes, billets and pig irons. ■

